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United Nations

United Nations Children's Fund

Financial report and audited financial statements

for the biennium ended 31 December 2007

and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-third Session
Supplement No. 5B

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Report of the Board of Auditors

United Nations • New York, 2008

Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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21 May 2008

Pursuant to United Nations Children's Fund financial regulation 13.3, enclosed are the financial report and statements for the biennium 2006-2007 as prepared by the Comptroller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Ann M. **Veneman**
Executive Director

The Chairman of the Board of Auditors
United Nations
New York

30 June 2008

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Children's Fund for the biennium ended 31 December 2007.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France and
Chairman, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 2007

Introduction

1. The United Nations Children's Fund (UNICEF) submits herewith its financial report, accompanied by 10 statements and 3 schedules. Statements I to IV are presented in line with the formats agreed upon by the United Nations System Chief Executives Board for Coordination (CEB) as a step towards harmonizing the accounts of agencies in the United Nations system. The financial report summarizes the financial results of UNICEF activities for the biennium ended 31 December 2007.

Income

2. UNICEF income in the biennium totalled $5,765 million. Income comprised $2,133 million under regular resources, $2,503 million under other resources (regular) and $1,129 million for other resources (emergency). The breakdown of UNICEF income by source is: 58 per cent ($3,320 million) from Governments; 29 per cent ($1,667 million) from fund-raising campaigns, the sale of greeting cards and individual donations; and 6 per cent ($366 million) from miscellaneous sources, including interest and exchange rate revaluation of assets and liabilities. An amount of $412 million (7 per cent) was contributed under inter-organizational arrangements.

Expenditure

3. UNICEF expenditure for the biennium was $5,104 million, consisting of $1,575 million for programme cooperation from regular resources, $1,994 million for programme cooperation from other resources (regular) and $1,365 million from other resources (emergency). The remaining expenditure of $149 million was for management and administration, and $21 million was for security.

Supported deliveries

4. UNICEF handled supported deliveries on behalf of third parties valued at $506 million during the biennium. The deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Trust funds

5. Trust fund receipts in the biennium totalled $1,602 million and disbursements and obligations $1,630 million. Trust funds do not form part of the income of UNICEF. Those funds are earmarked resources entrusted to UNICEF by various entities, including Governments, other organizations in the United Nations system and non-governmental organizations, mainly to cover the cost of procuring supplies but also to provide services on behalf of those entities. They also include funds provided by Government sponsors to cover the costs of Junior Professional Officers.

Cash holdings and investments

6. As at 31 December 2007, UNICEF had total cash holdings and investments of $2,675 million, which included unspent balances from trust funds amounting to $315 million. Some $2,101 million was held in interest-bearing term deposits, $445 million was in investments and $128 million was in current bank accounts. Cash on hand amounted to $1 million globally.

Approved programmes

7. During the biennium, the Executive Board approved an amount of $6,225 million for new programmes for children in countries with which UNICEF cooperates, as well as for regional and interregional projects. The total included $2,527 million for programmes to be funded from UNICEF regular resources and $2,581 million for projects that the Board approved as worthy of support and that were financed by pledges of supplementary funds made during the biennium. The total also included $1,117 million for projects financed by pledges for emergency relief and rehabilitation.

(*Signed*) Ann M. **Veneman**
Executive Director
United Nations Children's Fund

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements of the United Nations Children's Fund (UNICEF) for the biennium ended 31 December 2007. The audit was conducted through visits to 36 field offices, including the regional offices; the Private Sector Division in Geneva; and the Supply Division in Copenhagen, as well as a review of the financial transactions and operations at UNICEF headquarters in New York.

The Board also addressed special requests made by the Advisory Committee on Administrative and Budgetary Questions and the General Assembly.

The Board issued an unqualified audit opinion on the financial statements of the United Nations Children's Fund for the biennium ended 31 December 2007 (see chapter III).

Follow-up of previous recommendations

In response to the request of the Advisory Committee on Administrative and Budgetary Questions and in line with paragraph 7 of General Assembly resolution 59/264 A, the Board has evaluated the ageing of the previous recommendations contained in its report for biennium 2004-2005 (A/61/5/Add.2, chap. II) that had not yet been fully implemented and has indicated the financial periods in which such recommendations were first made. Of the 96 recommendations, 82 had been fully implemented, 13 were still under implementation and only one remained to be implemented.

Overall financial overview

For the period under review, total income was $5.76 billion, compared with $4.72 billion for the previous biennium, an increase of 22 per cent. Total expenditure amounted to $5.10 billion, compared with $3.79 billion for the previous biennium, an increase of 35 per cent. This resulted in a surplus of $639 million after write-offs and prior-period adjustments, compared with a surplus of $912 million in the preceding biennium. Assets increased by 24 per cent, or $668 million, from $2.77 billion as at the end of 2005 to $3.44 billion as at 31 December 2007. Of the $668 million increase in assets, $445 million pertained to investments in securities. There was a slight increase in total liabilities, from $778.8 million as at the end 2005 to $799.3 million as at 31 December 2007. Total reserves and fund balances also increased, to $2.64 billion as at 31 December 2007 from $1.99 billion at the end of the biennium 2004-2005.

Unliquidated obligations

The Board noted that UNICEF had cancelled unliquidated obligations relating to prior periods amounting to $45.32 million but had not made the necessary adjustments against opening reserves. Instead, the amount of $25.79 million (the programme budget allotment for which was still open) was credited against expenditure for the biennium 2006-2007 while $19.53 million (the programme budget allotment for which was already closed) was credited to income.

Cash and short-term deposits

Reconciling items for unrecorded deposits ($5.71 million), bank charges ($1.91 million) and stale-dated cheques ($174,859) remained unadjusted in UNICEF accounts as at 31 December 2007.

The Board also noted that balances (Systems, Applications and Products — Financial and Logistics System (SAP-FLS) figures) of field office bank accounts recorded by UNICEF were higher by $344,492 than those recorded by the field offices as at the end of the biennium under review.

Contributions receivable

The $5 million balance of the provision for uncollectible contributions account had remained unchanged since it was set up in 1997. However, for the period from 2000 to 2005, amounts totalling $30.98 million were written off against income as uncollectible contributions. For the current biennium, a further amount of $19.48 million was written off. The initial provision of $5 million for uncollectible contributions is, therefore, in need of review.

Land

While UNICEF has title to and possession of the deeds of transfer to its name of several parcels of land in four countries, they were not recorded in the books nor disclosed in the notes to the financial statements.

Lease of building

In January 1994, UNICEF entered into an amended lease agreement with the United Nations Development Corporation (UNDC) for the Three United Nations Plaza building. On the expiration of the lease, title to the property may be transferred to UNICEF for consideration of $1 if it meets the conditions of continuous and uninterrupted stay in the building and maintenance of its worldwide headquarters in New York City until 2026. The terms of the lease arrangements have been disclosed in the notes to the financial statements. To date, UNICEF has paid approximately $82 million towards the lease costs, and the actual value of future lease payments is approximately $109 million.

End-of-service liabilities, including after-service health insurance

The notes to the financial statements for the period under review reflect end-of-service liabilities amounting to $378.02 million. Of that amount, $292.38 million represent after-service health insurance, $45.15 million pertain to unused vacation leave credits and $40.49 million represent repatriation benefits.

The disclosed accrued liability for after-service health insurance of $292.38 million is based on the valuation made by a consulting actuary as at 31 December 2005 because the revised valuation as at the end of 2007 had not yet been submitted by the new actuary when the financial statements were being prepared. As at 31 December 2007, UNICEF had increased its fund reserve for after-service health insurance to $150 million, from $60 million as at 31 December 2005.

Progress towards the implementation of the International Public Sector Accounting Standards

In response to the comments of the Advisory Committee on Administrative and Budgetary Questions (A/61/350), the Board reviewed the progress of UNICEF towards the implementation of the International Public Sector Accounting Standards (IPSAS), as well as the development or upgrading of any related enterprise resource planning systems. As at 30 April 2008, UNICEF had not prepared an IPSAS implementation plan. It indicated, however, that it had carried out a review of the major impact areas of IPSAS on UNICEF business practices, that a cost estimate of IPSAS adoption had been approved and that a project team was in the process of being recruited. The Board is of the view that the pace of preparations for IPSAS implementation needs to be accelerated.

Procurement and contract management

At the Private Sector Division, the review of the performance of suppliers was not documented. There is, therefore, a risk that bid solicitation documents might be extended to suppliers with history of unsatisfactory performance.

At three country offices, the actual delivery of procured items was delayed by as much as 240 days.

Consultants, experts and temporary assistance

The Board's review of special service agreements of consultants, experts and temporary assistance staff disclosed a number of deficiencies in hiring and contracting practices in a number of regional and field offices, including extending contracts beyond the allowable periods.

Programme and project management

At a number of field offices, UNICEF did not evaluate actual output against annual workplans. In some cases, planned results were not stated in specific and measurable terms. As a result, the efficiency and effectiveness of programme and project implementation could not be satisfactorily evaluated at those offices.

Revenue-producing activities

While the National Committees for UNICEF are authorized to retain 25 per cent of the proceeds realized from the sale of Greeting Card Operation products, only 4 of the 36 National Committees that submitted final revenue and expenditure reports for 2006 had retained less than 25 per cent while 32 had retained from 30 to 100 per cent.

Internal audit function

It is the policy of the Office of Internal Audit to audit country offices at least once every five years. However, 16 field offices were not audited from 2003 to 2007. Verifiable explanations were given by UNICEF for their postponement. Nonetheless, all 16 field offices were included in the 2008 audit plan, 11 of which had been audited by 30 June 2008.

Internal audit findings

The Office of Internal Audit audited 50 country offices and 1 zone office during the biennium. Of the 385 audit observations issued in 2007, 70 per cent had been acted upon favourably. Of the 490 audit observations issued in 2006, 9 remained open and all pertained to 1 country office. Twenty of the open observations from 2007 and two from 2006 were rated as high risk. The Board is of the view that these high-risk issues should be addressed immediately.

Write-offs and disposals

In biennium 2006-2007, UNICEF approved the write-off of assets totalling $20.98 million, consisting of uncollectible contributions of $19.48 million, inventory stock of $820,594, uncollectible receivables amounting to $285,347 and other assets totalling $393,749.

Cases of fraud and presumptive fraud

UNICEF reported to the Board a total of 58 cases of fraud and presumptive fraud for 2006-2007 as against 42 cases for 2004-2005.

Recommendations

The Board made several recommendations on the basis of its audit. The main recommendations are set out in paragraphs 9 and 10 of the report.

A. Introduction

1. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the United Nations Children's Fund and has reviewed its operations for the financial period from 1 January 2006 to 31 December 2007 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with Article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNICEF as at 31 December 2007 and the results of its operations and cash flows for the financial period then ended in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the UNICEF Financial Regulations and Rules. The audit also included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to auditing the accounts and financial transactions, the Board reviewed UNICEF operations under United Nations financial regulation 7.5. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNICEF operations.

4. The present report addresses the specific request of the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8) to evaluate the ageing of the recommendations made in the previous biennium that were under implementation or not yet implemented. The General Assembly had also requested the Board to follow up on the previous recommendations and to report on them accordingly. Those matters are addressed in paragraphs 11 to 16 below.

5. The Board continued to report the results of audits to UNICEF in the form of management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the UNICEF administration. In this regard, 43 management letters were issued covering the period under review.

6. Where observations in the present report refer to specific locations, such observations are limited to the locations specified. They do not in any way imply that they are applicable to other locations nor do they imply that they do not also exist at other locations.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UNICEF, whose views have been appropriately reflected in the report.

2. Coordination with internal audit

8. The Board coordinated with the UNICEF Office of Internal Audit in the planning of the audit. In order to avoid duplication of effort, the Board considered the UNICEF offices audited by the Office of Internal Audit in preparing its workplan. The results of internal audits in country offices provided valuable input in planning the focus areas of the Board. In addition, the Board reviewed the internal audit coverage of the operations of the Office to assess the extent to which reliance could be placed on its work.

3. Main recommendations

9. The Board's main recommendations are that UNICEF:

(a) **Make the necessary adjustments against reserves and fund balances for the cancellation of outstanding prior-period obligations (para. 24);**

(b) **Consider the cancellation of outstanding obligations relating to the current biennium as a reduction to recorded expenditure instead of as income (para. 24);**

(c) **Assess periodically the collectibility of the amounts shown as contributions receivable and make adequate provision for any amounts that are unlikely to be collected (para. 31);**

(d) **Monitor closely cash assistance provided to Governments to ascertain that they are utilized in accordance with the objectives of the approved projects (para. 61);**

(e) **Clear all long-outstanding cash assistance/transfers to Governments (para. 61);**

(f) **Make further cash transfers to implementing partners only upon the submission of cash utilization reports (para. 61);**

(g) **Review all reconciling items appearing on the monthly bank reconciliation statements of field offices and make the appropriate adjustments to the accounting records immediately after each monthly review (para. 76);**

(h) **Carry out a comprehensive inventory of all its landholdings and reconcile the results with the related asset records to correctly value them and record them in the books of accounts (para. 96);**

(i) **Determine mechanisms to fully fund end-of-service liabilities (para. 114);**

(j) **Develop a plan detailing the various steps to be taken leading to the full implementation of the International Public Sector Accounting Standards by 2010 (para. 121);**

(k) **Take measures to improve the reliability of the inventory records in the field offices (para. 146);**

(l) **Review its non-expendable property management processes and control of property records (para. 150);**

(m) **Ensure that the Private Sector Division enforces financial rule 9.04 relating to the retention of income by National Committees (para. 189).**

10. The Board's other recommendations appear in paragraphs 36, 42, 47, 52, 69, 79, 81, 83, 90, 102, 107, 117, 119, 126, 130, 141, 157, 164, 169, 171, 175, 179, 184, 190, 196, 200 and 206. The recommendations do not address sanctions or disciplinary steps that UNICEF may wish to impose on defaulting officials for consistent failure to ensure compliance with the Financial Regulations and Rules of UNICEF, administrative instructions and other related directives.

B. Detailed findings and recommendations

1. Follow-up of previous recommendations

11. In accordance with section A, paragraph 7, of General Assembly resolution 51/225, the Board reviewed the actions taken by UNICEF to implement the recommendations made in its report for the biennium ended 31 December 2005.

12. Of the 96 recommendations made in the previous biennium, 82 (85 per cent) had been fully implemented, 13 (14 per cent) were under implementation and 1 (1 per cent) had not been implemented (see annex I).

Recommendations under implementation

13. The 13 recommendations made in 2004-2005 that were still under implementation are shown in detail in table II.1.

Table II.1
Details of recommendations still under implementation

Subject of the recommendation	*Status as at 30 March 2008*
1. Review the allocation of resources within countries in light of the disparity between strategic priorities approved by the UNICEF Board and the allocation of supplementary funding	UNICEF considered the implications of this recommendation in the context of an organizational review, and an advisory committee was approved by the Executive Board in January 2008 to conduct a resource allocation review.
2. Amend the presentation of cost recovery in statements I and IV or submit a redefinition of programme support expenditure to the Executive Board	UNICEF has been working with the United Nations and other United Nations Development Group Executive Committee agencies since August 2006 on the establishment of harmonized financial regulations and rules for eventual approval by the Executive Board.
3. Revise the manuals and the special supplement to the UNICEF Financial Regulations and Rules	The first draft of the harmonized financial rules were still subject to review and consensus.
4. Attach an annex on financial reporting and transfers of funds to the agreements with National Committees	The annex is still being finalized, however, its contents will be sent to National Committees in the form of an official letter by mid-April 2008.

Subject of the recommendation	*Status as at 30 March 2008*
5. Harmonize the accounting treatment of private sector fund-raising proceeds	The Board noted that implementation options were still being reviewed and the target date for full implementation is the last quarter of 2010, in conjunction with the implementation of IPSAS.
6. Revise E/ICEF/Organization/Rev.3 to adapt the accountabilities of each unit to the core commitments for children in emergencies	A project team was created to revise the description of accountabilities, a case study was carried out, and a project note was developed towards achieving the recommended action.
7. Update the list of approved emergency items	Management is currently updating not only its list of approved emergency items but also its new sourcing, procurement and warehousing strategy based on the principles of category management. UNICEF reported that its new target date for completion was the third quarter of 2008.
8. Assist country offices to ensure that they produce an extended assessment in compliance with the core commitments to children in emergencies	The performance monitoring system for the country offices and related training is in progress, as the system has been fully piloted in Bangladesh. In line with the Board's follow-up, UNICEF intends full implementation to be completed in the fourth quarter of 2008.
9. Identify ways of quickly assessing and raising the financial and administrative capacity of implementing partners during emergencies	The Board noted that the review process commenced only in February 2008 and that a concept paper had already been developed, and questionnaires on revision were sent to country offices. Completion of the implementation of the recommendation was targeted for the third quarter of 2008.
10. Liaise with UNOPS to ensure that financial procedures for direct construction adequately safeguard UNICEF interests	Implementation was validated to be still ongoing in the Sri Lanka country office based on documents submitted to the Board.
11. Advocate, in cooperation with other United Nations organizations, the expeditious review of the medical insurance plan	UNICEF informed the Board that the recommended review could not be started because the post of the Chief, Medical and Life Insurance Section, of the United Nations had remained vacant for a prolonged period.

Subject of the recommendation	*Status as at 30 March 2008*
	UNICEF, however, continues to support the effort and to advocate for completion of the study and will actively participate in the review once the exercise resumes.
12. Expedite the development of its emergency "talent pool"	As at 31 December 2007, the talent pool was still to be part of phase two of the SAP-Human Resources system, which is now scheduled for implementation in the fourth quarter of 2008. UNICEF has been actively advancing the planning effort for the implementation of phase two in the fourth quarter of 2008.
13. Revise its long-term arrangements with suppliers after updating its approved emergency items list	UNICEF responded that it was updating not only its list of approved emergency items but also preparing new sourcing of suppliers with a new target date in the third quarter of 2008. UNICEF also explained that the procurement and warehousing strategy was being enhanced based on the principles of category management, followed by the revision of the long-term arrangements with suppliers, as recommended by the Board.

Recommendation not implemented

14. One recommendation was noted by the Board not to have been implemented. In its previous report, the Board recommended that UNICEF monitor more closely the target arrival date of emergency local orders and the date of their issuance (A/61/5/Add.2, chap. II, para. 113). While UNICEF indicated that this recommendation was under implementation, the Supply Division in Copenhagen reported that the monitoring of local orders was not feasible, as field offices managed their own procurement via the Programme Manager System (ProMS), hence there was no practical way for UNICEF to retrieve the information from ProMS for purposes of monitoring. In addition, while the Systems, Applications and Products — Financial and Logistics System would enable monitoring of local procurement, the system would have to be rolled out to the field offices in 2008 and 2009.

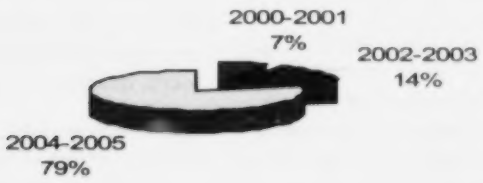
Ageing of previous recommendations

15. The Board also evaluated the ageing of the recommendations made in the previous biennium that were under implementation or had not yet been implemented, as requested by the Advisory Committee on Administrative and

Budgetary Questions (A/59/736, para. 8). The financial period in which each recommendation was first made is indicated in annex I.

16. Of the 14 recommendations that were under implementation and had not yet been implemented, 79 per cent (11 recommendations) related to the 2004-2005 period, 14 per cent (2 recommendations) to 2002-2003 and 7 per cent (1 recommendation) related to 2000-2001, as depicted in figure II.I.

Figure II.I
Status of implementation of recommendations



2. Financial overview

17. Since the biennium 2004-2005, UNICEF income had increased by 22 per cent, from $4.72 billion to $5.77 billion in the biennium under review. The increase in total income was attributed to the combined increase in voluntary contributions, interest income and funds received under inter-organizational arrangements. The 21 per cent rise in voluntary contributions, from $2.76 billion in the previous biennium to $3.35 billion in the biennium under review, resulted mainly from an increase in supplementary resources (55 per cent) and in regular resources (35 per cent) (see table II.2).

Table II.2
Comparison of income for the bienniums 2004-2005 and 2006-2007

	2004-2005		*2006-2007*		*Increase/(decrease)*	
Type of income	*Amount*[a]	*Percentage*	*Amount*[a]	*Percentage*	*Amount*[a]	*Percentage*
Regular resources	1 579	34	2 133	37	554	35
Supplementary funds	1 616	34	2 503	43	887	55
Emergency relief and rehabilitation	1 520	32	1 129	20	(391)	(26)
Total	**4 715**		**5 765**		**1 050**	**22**

[a] Millions of United States dollars.

18. The cash position of UNICEF was healthy, at 65 per cent of total assets at the end of the biennium 2006-2007. The increase in the cash balance when compared

with the prior biennium was only 2 per cent. Inventories registered an 80 per cent increase at the end of 2007. The key financial ratios are detailed in table II.3.

Table II.3
Key financial ratios

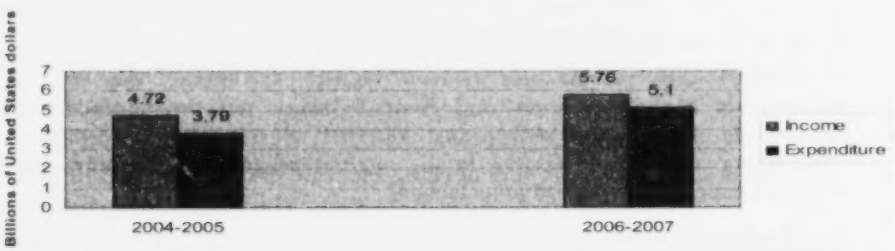
	Biennium		
Description of ratio	*2004-2005*	*2006-2007*	*Component of 2007 ratio*[a]
Cash/total assets[b]	0.79	0.65	2 229/3 439
Cash/total liabilities[c]	2.82	2.79	2 229/799
Accounts receivable/total cash[d]	0.24	0.31	701/2 229
Unliquidated obligations/total liabilities[e]	0.36	0.34	274/799

[a] In millions of United States dollars.
[b] A high indicator depicts a healthy financial position.
[c] A low indicator is a reflection that insufficient cash is available to settle debts.
[d] A low indicator depicts a healthy financial position.
[e] A low indicator is a positive reflection that obligations are being liquidated.

3. Statement of income and expenditure

19. Income for the period under review amounted to $5.76 billion, while expenditure amounted to $5.10 billion, resulting in a surplus after write-offs and prior-period adjustments of $639.47 million. Comparative income and expenditure for the bienniums 2004-2005 and 2006-2007 are shown in figure II.II.

Figure II.II
Income and expenditure for the bienniums 2004-2005 and 2006-2007

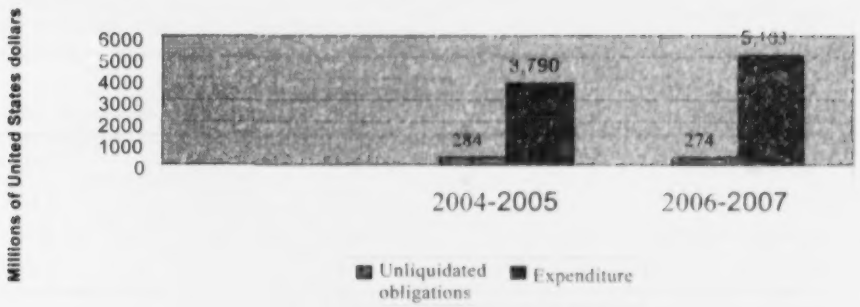


20. The increase in expenditure of $1.31 billion, or 35 per cent, was attributable mainly to the increase in programme assistance expenditure of $1.33 billion.

Unliquidated obligations

21. Unliquidated obligations as at 31 December 2007 amounted to $273.72 million, representing 5 per cent of total expenditure, and had decreased slightly by $10 million, or 3.52 per cent, in the current biennium compared with the previous period. Figure II.III shows unliquidated obligations against total expenditure for the bienniums 2004-2005 and 2006-2007.

Figure II.III
Unliquidated obligations versus expenditure



Cancellation of outstanding budgetary obligations

22. The Board noted that the cancellation of prior-period obligations was not properly recorded in the accounts. Outstanding budgetary obligations totalling $25.79 million pertaining to the biennium 2004-2005 for which programme budget allotments were still open were incorrectly cancelled against the expenses of the biennium 2006-2007, resulting in the understatement of reported expenditure for the current biennium. In addition, the cancellation of $19.53 million in outstanding budgetary obligations relating to the biennium 2004-2005 for which programme budget allotments were already closed was recorded as miscellaneous income, resulting in the overstatement of income for the current period.

23. Likewise, the cancellation of outstanding budgetary obligations raised in the first year of the current biennium for which programme budget allotments were closed were also recorded as miscellaneous income.

24. **The Board recommends that UNICEF: (a) make the necessary adjustments against reserves and fund balances for the cancellation of outstanding prior-period obligations; and (b) consider the cancellation of outstanding obligations relating to the current biennium as a reduction to recorded expenditure instead of as income.**

25. UNICEF commented that for the purpose of consistency between UNICEF reporting periods and between agencies, it proposed to maintain the current reporting on its obligations, but acknowledged that its note on the accounting policy with respect to the liquidation of obligations should be expanded.

Provision for uncollectible contributions receivable

26. The statement of assets, liabilities, reserves and fund balances (statement II) as at 31 December 2007 reports a provision for uncollectible contributions receivable of $5 million. Note 11 to the financial statements discloses that UNICEF maintains the provision for potentially uncollectible contributions receivable in line with the recommendation of the Board. The Board notes that in its report for the biennium 1994-1995 (A/51/5/Add.2, chap. II, para. 37), it recommended that UNICEF

establish a reserve for its doubtful receivables to ensure an accurate disclosure of its realizable assets but did not specify an amount.

27. In the biennium 1996-1997, UNICEF set up a provision for uncollectible contributions in the amount of $5 million, but the amount has remained unchanged because the write-off of uncollectible contributions was deducted directly against income. No periodic allowance was provided for when new contributions were earned.

28. Accounting records and reports showed that uncollectible pledges written off by UNICEF from 2000 to 2007 ranged from $8.12 million to $19.48 million per biennium, representing 5 to 8 per cent of the contributions receivable balances of the pledges made during the biennium. Table II.4 provides a breakdown of the $50.46 million in contributions receivable that were written off in the past four bienniums.

Table II.4
Write-offs of contributions receivable

Biennium	*Amount of write-off*	*Contributions receivable balances of the pledges made during the biennium*[a]	*Percentage of write-off*
	(Thousands of United States dollars)		
2000-2001	10 411	190 352	5
2002-2003	12 453	261 962	5
2004-2005	8 119	178 380	5
2006-2007	19 479	242 653	8
Total	**50 462**		

[a] Excludes the balances of pledges made before the biennium.

29. Similarly, in 2006-2007, the Private Sector Division made the same direct write-off of uncollectible accounts receivables deemed irrecoverable, amounting to $1.96 million.

30. In view of the large amounts of write-offs of receivables over the years, the Board is of the view that the provision of $5 million for uncollectible receivables from contributions might not be adequate.

31. **The Board recommends that UNICEF assess periodically the collectibility of the amounts shown as contributions receivable and make adequate provision for any amounts that are unlikely to be collected.**

Open outstanding budgetary obligations with small balances after the settlement of obligations

32. UNICEF financial rule 112.18 requires that outstanding budgetary obligations retained against biennial budget appropriations or programme allocations be reviewed periodically by certifying officers. Likewise, under existing procedures prescribed in its accounting instructions, UNICEF is required to periodically review unliquidated obligations and to cancel those that are no longer valid.

33. The Board noted that the reported total unliquidated obligations as at the end of the biennium 2006-2007 amounted to $273.72 million, consisting of 24,997 individual outstanding budgetary obligations. Verification of obligations as at 31 December 2007 revealed that 6,548 outstanding budgetary obligations (26 per cent) totalling $688,935 had outstanding individual balances of $300 or less. The Board also noted that 18 per cent, or 4,472, had individual balances of $150 or less, while 2,076, or 8 per cent, had balances between $151 and $300.

34. UNICEF explained that a large number of the outstanding budgetary obligations were related to freight, customs fees and insurance, the costs of which are actualized after supplies are procured offshore.

35. The Board is concerned that these outstanding budgetary obligations, if not cancelled, could collectively: (a) affect reported expenditures and obligations at the end of the biennium as they no longer represent obligations to be paid or settled; and (b) represent an overstatement of the expenses and the obligations reported during the accounting period when they were raised. It is also the position of the Board that even if it has not been 12 months since the end of the financial period, any small balance of outstanding budgetary obligations that no longer represents an obligation to pay a third party needs to be cancelled.

36. **The Board recommends that UNICEF ensure that field offices request headquarters to cancel the remaining balances of outstanding obligations as soon as they are fully settled.**

37. UNICEF assured the Board that procedures had been institutionalized to ensure compliance with its Financial Regulations and Rules.

Delayed reporting to donors on the use of contributions received

38. Contributions received from donors are the primary source of UNICEF income. The UNICEF Programme Policy and Procedures Manual provides that the UNICEF representative in a country has the primary responsibility for quality and timely reporting to donors of the manner by which contributions are utilized by UNICEF and of the result/outcome of programme implementation.

39. The Board observed, however, that the donor reports of seven field offices were submitted beyond the due date, as shown in table II.5.

Table II.5
Delays in the submission of donor reports

Field office	*Number of reports*	*Reports submitted after the due date*	*Length of delay*
Ghana	12	5	3-31 days
Bolivia	39	30	4 days-9 months
Colombia	—	2	More than 3 months
Brussels	35	8	Unspecified
Philippines	12	7	3-138 days
Regional office for Central and Eastern Europe and the Commonwealth of Independent States	—	59	Unspecified
Eastern and Southern Africa Regional Office	39	18	26-796 days

40. The field offices listed in table II.5 gave various reasons for delays in the submission of donor reports. These include: (a) the security situation in September 2007 due to protests occurring in the vicinity of the UNICEF office; (b) the extra time spent to ensure the quality of reports; (c) the erroneous and late submission of quantitative data from implementing partners; (d) the delay in the translation of documentation for donors; (e) the difficulty or lack of facility by some staff in the English language as the medium for report preparation; and (f) the delayed submission of reports by the counterparts and/or implementing partners.

41. The Board is concerned that the delay in the submission of reports to donors might not meet donors' expectations regarding accurate and timely reporting and affect their enthusiasm to contribute to UNICEF programme activities in the future.

42. **The Board recommends that UNICEF determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

43. The field offices acknowledged the delays in the submission of donor reports and ensured that all possible measures would be considered to address the situation.

Fund-raising targets

44. The ability of UNICEF to implement its programmes depends largely on contributions from Government sources. The UNICEF Tokyo office takes the lead in advocacy and fund-raising in Japan and in the Republic of Korea. Every year it prepares an income projection for each category of funding, which is revised periodically on the basis of dialogue with the Government of Japan.

45. It was noted that in the donor profile for 2006, the office had not set a target amount of contributions from the Government of Japan that would guide its efforts to achieve the desired level.

46. As at 30 September 2006, the office was still 22 per cent short of the $184.14 million that it had been able to raise in 2005.

47. **UNICEF agreed with the Board's recommendation that the Tokyo office establish an annual contribution target that would serve as a benchmark in assessing the effectiveness of fund-raising programme activities.**

48. The Programme Funding Office explained that UNICEF requires the use of a resource mobilization checklist to guide the Office's fund-raising activities and strategies. Based on the checklist, the Office must set realistic targets for implementation in order to schedule contributions, particularly supplementary funds or other resources.

Cash assistance to Governments without official receipts

49. UNICEF financial circular 15 (Rev. 3) provides that for all cash assistance to Governments, an official receipt from the head of the Government department concerned or from the official formally authorized to register funds should be obtained and attached to the relevant payment vouchers and kept in UNICEF files. The same circular requires that the programme officer ensure that the authorized payees/implementing partners officially acknowledge receipt of the direct cash transfer for proper recording and accounting of the cash received.

50. In connection with its review of payment vouchers on cash assistance to Governments, the Board noted that in six country offices (in Bangladesh, Egypt, Ethiopia, Ghana, the Philippines and Senegal) there were payment vouchers that were not supported by official receipts from implementing partners. At the Myanmar country office, five acknowledgement receipts did not contain the official seals of the implementing partners.

51. Without the official receipts or signed acknowledgements, there is a risk that the cash assistance will not be recorded in the books of the implementing partner.

52. **The Board recommends that UNICEF ensure that its country offices comply with financial circular 15 (Rev.3) on the issuance of official receipts by recipients of cash assistance.**

53. In lieu of the official receipts, the country offices of Ethiopia and Senegal required the implementing partners to sign and return a notification letter from UNICEF whenever funds were transferred. The Senegal country office informed the Board that the practice had been established and adopted by the office with the consent of the regional office owing to the difficulty encountered with implementing partners in issuing official receipts.

54. To facilitate the process of acknowledging the receipt of funds by the implementing partners, the Ghana country office developed a form that is provided with the notification letter whenever funds are transferred to a partner. The implementing partner is required to sign the form as acknowledgement of funds and return it to UNICEF.

55. The Myanmar country office gave assurance that it would strengthen its existing mechanism for monitoring the timely submission of acknowledgement receipts with official seals of implementing partners in close collaboration with its finance and programme sections. The Egypt country office commented that to mitigate this risk, payments were released through bank transfers, which the country office considered as adequate proof of receipt since funds had been directly credited to the implementing partners' accounts.

Long-outstanding cash assistance to Governments

56. In a report to the Executive Board dated 30 May 2002, UNICEF stated that disbursements for cash assistance to Governments should cover the estimated expenditures for a period of no longer than three months and that the recipient of cash assistance was responsible for submitting a financial and activity monitoring report to UNICEF within a period of six months, and nine months in exceptional cases, following the actual provision of funds (E/ICEF/2002/AB/L.5, para. 40).

57. Furthermore, financial circular 15 (Rev.3) provides that documentation, particularly evidence of the effective utilization of cash assistance to Governments, should be submitted by the implementing partners within six months or, in exceptional cases, nine months, of the provision of funds.

58. A review of the direct cash transfer monitoring report for programme accounts of six field offices (the country offices of Bolivia, Kenya, Panama, Senegal and Thailand, and the Western and Central Africa Regional Office) revealed that a portion of their cash transfers to implementing partners remained outstanding for more than six months from the date of release. The delay in reporting averaged six

to nine months. At the Panama country office, the cash assistance to 14 implementing partners remained outstanding for 10 to 154 months.

59. In the case of the regional offices for Eastern and Southern Africa and for the Americas and the Caribbean, the review of their cash assistance to Government status reports showed that 14 of their implementing partners were unable to submit financial and activity reports, hence the cash assistance remained outstanding for 9 to 47 months. The reasons cited were staff turnover, delayed implementation of the projects, slow utilization of funds and incomplete documentation.

60. At the India country office (in New Delhi and Mumbai), cash utilization reports for 12 implementing partners (9 in New Delhi and 3 in Mumbai) had not been submitted six months after the receipt of the cash transfers. In New Delhi, unliquidated cash transfers amounting to $5,756 made to three implementing partners remained outstanding for more than five years. To address this concern, management required weekly monitoring reports indicating which implementing partners were banned from receiving additional cash assistance.

61. **UNICEF agreed with the Board's recommendation that its field offices: (a) monitor closely cash assistance provided to Governments to ascertain that they are utilized in accordance with the objectives of the approved projects; (b) clear all long-outstanding cash assistance/transfers to Governments; and (c) make further cash transfers to implementing partners only upon the submission of cash utilization reports.**

Inconsistencies between the table of authority and the document authorization table

62. The UNICEF financial policy on authorizing, certifying, approving and paying functions are found in the table of authority, which is the basis of the document authorization table in the Programme Manager System. The document authorization table assigns authority to staff members to perform authorizing, certifying, approving and signing functions in accordance with the stipulations of financial circular 34 and the table of authority. The document authorization table also sets the maximum amount that the designated staff member is authorized to certify or approve. These functions are normally agreed upon and signed by the Head of Office in the table of authority. Any amendment to the document authorization table is based on changes made in the table of authority.

63. At the country offices of Romania and India, the Board observed that the tables of authority had not been immediately updated for changes in the designation of assigned staff. In Romania, some responsibilities that existed in the table of authority for approval of advances up to $10,000 and cash requisitions up to $60,000 and for approval of cash authorizations up to $3,000 were not found in the document authorization table.

64. At the Regional Office for South Asia, the Deputy Regional Director can approve a cash requisition up to $1 million and can authorize a cash advance up to $100,000, while in the table of authority he or she can authorize a cash requisition and approve a cash advance only up to $15,000 per authority.

65. Although the Office explained that the system would not allow any transaction to be authorized, certified or approved beyond the financial limits specified in the document authorization table, the Board was concerned that because of the inconsistencies in the financial limits between the table of authority and the

document authorization table, transaction documents might have been authorized, certified, approved and signed for amounts exceeding the limits.

66. At the India country office, inconsistencies were found in 19 cases between assigned levels of authority in the table of authority and the ProMS document authorization table. The country office explained that 18 of the observed inconsistencies had occurred when staff members were assigned temporary responsibilities as officer-in-charge for a staff function with a higher financial authority limit in the table of authority.

67. The review of 20 payment transactions at the India country office as at 31 December 2007 revealed that 9 payment requests had been certified by officers even though the amounts were beyond their authorized limits.

68. The Romania and India country offices explained that: (a) temporary designations of responsibilities to staff members were assigned through e-mail frequently, and documenting updates to the table of authority every time there was a new designation would add considerable paperwork; and (b) the process of managing the inconsistencies between the table of authority and the document authorization table when the concerned staff members were acting as officer-in-charge for others with higher authority required regular reviews to manually record changes in the document authorization table in ProMS when the validity period of the officer-in-charge expired.

69. **UNICEF agreed with the Board's recommendation that country offices: (a) monitor regularly the changes made in the document authorization tables; (b) update periodically the tables of authority; and (c) establish procedures to ensure that the assignment of financial authorities in the Programme Manager System is consistent with that contained in the table of authority.**

4. Statement of assets, liabilities and reserves and fund balances

Cash and term deposits — unrecorded reconciling items

70. UNICEF financial rule 111.4 requires that all bank accounts be reconciled with the bank statements on a regular basis as determined by the Comptroller.

71. In addition, accounting instructions and the field finance procedures require that reconciling items as well as discrepancies between the book and bank entries identified in the bank reconciliation statements that require adjustments be acted upon immediately by the appropriate finance staff and not carried forward as a pending adjustment in the subsequent period.

72. The Board's review of the reconciliation statements of 275 bank accounts disclosed various reconciling items that had not been recorded in the UNICEF books as at 31 December 2007, as shown in table II.6.

Table II.6
Details of unrecorded reconciling items
(United States dollars)

Unrecorded deposits	5 714 630
Unrecorded bank debits/charges	(1 914 951)
Stale-dated cheques	174 859
Difference between UNICEF recorded balances (SAP-FLS figures) of field office bank accounts and the balances recorded in the field offices	(344 492)
Net understatement of cash in bank balance	**3 630 046**

73. The unrecorded bank debits/charges were related to reconciling items from prior periods from 15 October 2004 to 30 November 2007, but were still shown in the bank reconciliation statements as at 31 December 2007.

74. At the India country office, the bank reconciliation statements for one bank account revealed numerous reconciling items that had been recorded only after 2 to 10 months, while in another bank account reconciling items from January 2006 to December 2007 had not yet been recorded as at the end of February 2008. At the Philippines country office, numerous outstanding cheques issued in 2005 that were therefore already stale were recorded in the books only in October 2006.

75. At the Nigeria country office, four stale-dated cheques had been voided two to six months after they had become stale. The bank reconciliation statement of the Colombia country office revealed that three cheques had been outstanding for 6 to 13 months. Similarly, at the India country office there were also cheques that had been outstanding for six to nine months.

76. **The Board recommends that UNICEF review all reconciling items appearing on the monthly bank reconciliation statements of field offices and make the appropriate adjustments to the accounting records immediately after each monthly review.**

77. UNICEF commented that where the operational environment in which field offices are working supports the practical application of this recommendation, it would endeavour to ensure that all reconciling items are reviewed and appropriately recorded in the month following the month covered by the bank reconciliation.

Long-outstanding contributions receivable

78. The Board noted that the Programme Funding Office report on the results of its review and analysis of the $40 million balance in the outstanding contributions receivable — other resources account included a $2.7 million receivable that actually represented the foreign exchange difference between the dollar equivalent of recorded pledges in the donor's local currency made in 2001 and 2002 and the dollar equivalent when the contributions were received. Considering that the donor had paid the full amount of its pledge in local currency, there might be no further payment forthcoming to settle the still recorded outstanding balance.

79. **UNICEF agreed with the Board's recommendation that it review the amount of $2.7 million shown as outstanding receivables in respect of contributors who have fully honoured their pledges.**

Delays in recording signed pledges

80. The verification of pledged contributions of 42 countries for 2006 showed that the contributions of 15 countries had not been recognized as income at the time of receipt of the signed pledge. While pledges were supposed to be recorded upon receipt of the signed pledges, there was a delay in the recording of contributions receivable and income by the fund-raising and contributions units ranging from 7 to 253 days.

81. **The Board recommends that UNICEF take appropriate measures to ensure that written pledges are promptly recorded as income and contributions receivable.**

Negative receivable balances

82. As at 31 December 2007, the other accounts receivable — from staff members account, which comprises several accounts, had a balance of $21.58 million. The Board's verification indicated that this amount was the net balance after accounts with negative balances totalling $6.38 million as at 31 December 2007 were considered. Negative receivable balances may indicate either overcollection, which would become a liability of the collecting entity, or errors in recording and collecting receivables.

83. **UNICEF agreed with the Board's recommendation that it investigate the negative balances in the "other accounts receivable — from staff members" accounts and make the appropriate adjustments.**

84. UNICEF commented that negative balances result in some instances from specific system configurations but agreed to review negative balances to ensure the accuracy of amounts under "other accounts receivable — from staff members" that would be disclosed in future financial statements.

Discrepancies in Supply Division inventory balances

85. The Systems, Applications and Products — Financial and Logistics System is the central source in UNICEF for retrieving inventory data on receipt, issuance and consumption.

86. A review of the Supply Division's accounting records revealed that the raw materials and finished goods inventory accounts reflected balances of $0.33 million and $32.08 million respectively, or a total of $32.41 million as at 31 December 2007. When compared with the balance of $29.86 million generated from SAP-FLS, however, there was a $2.55 million difference.

87. The details of the inventory report generated by SAP-FLS showed the following inconsistencies:

(a) 241 items with an aggregate value of $0.36 million reflected zero quantities;

(b) 162 items reflected negative values aggregating to $2.42 million, of which 31 items had corresponding quantities and 131 zero quantities;

(c) 51 items had quantities but had no corresponding values.

88. The Supply Division explained that the difference of $2.55 million was due to the current moving average price and that the SAP-FLS database produced reliable data in terms of item quantities but not on the reported values of those items. Thus, it used the database primarily to report on information related to quantities, as it provided a fast overview of the inventory at all locations and hubs.

89. Because SAP-FLS serves as a common database for all the inventory reports, the Board is of the view that the reports generated from it must contain the same information, whether they are for logistical or financial reporting purposes, and that the values and quantities must be correct.

90. **UNICEF agreed with the Board's recommendation that it determine the causes of the discrepancies in the inventory account, especially those with negative balances, and take steps to evaluate SAP-FLS for possible enhancement.**

91. UNICEF commented that the timeline for having the report corrected would be 12 months, as it implied using information technology resources that were currently focused on the development and rollout of the "One ERP" enterprise resource planning system.

Landholdings

92. UNICEF financial regulation 13.1 requires the Executive Director to submit accounts biennially in respect of the UNICEF account, including the status of capital asset accounts.

93. A review of the capital asset fund revealed documents confirming UNICEF ownership of parcels of land, as shown in table II.7.

Table II.7
List of unrecorded UNICEF landholdings

Location of land	*Area*	*Cost/fair market value (United States dollars)*	*Remarks*
Bamako	8 400 square metres	Undetermined	Land grant with title in the name of UNICEF
Santiago		Undetermined	
Ghana	Undetermined	Undetermined	Land grant with deed of transfer to UNICEF
Haiti	Undetermined	165 000	Includes building in the deed of transfer

94. The Board examined the UNICEF chart of accounts and noted that no account was used for landholdings, although there were accounts for capital assets and capital expenditures, such as buildings, housing, equipment and machinery.

Furthermore, it noted that the capital assets, as presented in the statement of assets, liabilities reserves and fund balances, did not include landholdings. Neither were the parcels of land owned by UNICEF disclosed in the notes to the financial statements. In note 14 to the financial statements, it is disclosed that the capital assets of UNICEF consist of office buildings and staff housing only.

95. The Board is concerned that UNICEF may have overlooked the requirements of its Financial Regulations and Rules by not recording landholdings in its books nor presenting them in the financial statements.

96. **The Board recommends that UNICEF carry out a comprehensive inventory of all its landholdings and reconcile the results with the related asset records to correctly value them and record them in the books of accounts.**

97. UNICEF agreed to review the documentation relating to land and buildings that are held in New York and in field offices to ensure that any land to which UNICEF has title is identified and correctly valued and recorded in the accounts.

Lease of building

98. UNICEF is a lessee of the United Nations Development Corporation (UNDC) for a building known as Three United Nations Plaza, which is covered by a lease agreement between the parties dated 13 August 1984. On 11 January 1994, UNDC and UNICEF mutually entered into an agreement amending article 17 of the original lease agreement, which stated that the parties expected that upon expiration, title to all portions of the building and plaza adjacent thereto and all portions of the land underlying the building and plaza would be conveyed to the tenant (or to the United Nations, if the tenant so requested), free and clear of all liens and encumbrances, other than the "permitted exceptions" that were either identified in schedule 1 or were created, suffered, permitted or agreed upon by the parties directly or indirectly.

99. As required by the amended lease agreement, the transfer agreement signed by the City of New York, the New York City Economic Development Corporation, UNDC and UNICEF in 1995 contained various conditions that must be fulfilled for UNICEF to take title of Three United Nations Plaza, including the following:

> UNICEF shall have continuously and without interruption maintained its World-Wide Headquarters in New York City from the date hereof [1995] until July 2, 2026.
>
> UNICEF, and/or the United Nations, shall have continuously and without interruption occupied the portion of the 3 UNP Property demised to UNICEF under the UNDC-UNICEF Sublease from the date hereof [1995] until July 2, 2026.

100. The monthly lease payments made by UNICEF consisted of a base rent of $32.50 per square foot from 12 January 1994 until the expiration date, plus actual operating expense escalation for taxes, repairs and maintenance costs, all of which were recorded as outright expenses. Based on the rate specified in the lease agreement, the total base rent payments made from the effective date of the amended agreement had amounted to approximately $82 million as at 31 December 2007 and the value of future lease payments are approximately $109 million. Hence, total payments would amount to $191 million by the end of the amended lease term. In 2026, or 18 years hence, the ownership of Three United Nations Plaza will finally

be transferred to UNICEF for the consideration of $1, if it has satisfied the conditions of continuous and uninterrupted stay in the building and maintenance of its worldwide headquarters in New York City.

101. By the terms of the amended lease agreement, UNICEF apparently entered into a lease-purchase agreement, under the category of a finance lease. UNICEF, however, has considered the lease to be an operating lease since its inception and since the lease amendment date.

102. **UNICEF agreed with the Board's recommendation that it disclose in the notes to the financial statements the terms of the lease arrangements, the cost of the property and the corresponding liability for the unpaid portion of the lease.**

103. The terms of the lease arrangements have since been disclosed in note 23 to the financial statements.

Negative payable balances

104. In the UNICEF statement of assets, liabilities reserves and fund balances (statement II) as at 31 December 2007 accounts payable amounted to $123.45 million. The account groups comprising that account, as reported in note 17 to the financial statements, are provided in table II.8.

Table II.8
Composition of accounts payable
(Millions of United States dollars)

Account group	
United Nations system	26.70
Supplies, services and freight	71.38
Miscellaneous	25.37
Total	**123.45**

105. The grouping of accounts did not show any negative balances. Verification showed, however, that the reported amounts were the net credit balances of various individual creditors and vendors. Further verification revealed that there were 1,187 UNICEF creditors, including Government entities, United Nations entities and suppliers/vendors. Of this number, 155 had negative balances ranging from $7,628 to $487,834, for a total of $1.35 million.

106. Since a negative balance may indicate either an overpayment or an error, the Board is concerned that such balances might be due to a failure to record liabilities at the time they were incurred with the result that the recording of subsequent payments resulted in a negative balance.

107. **The Board recommends that UNICEF review the accounts payable with negative balances and make the appropriate adjustments in the accounting records.**

108. UNICEF commented that it would look into the reasons for the negative balances and take action to rectify them, as appropriate.

5. End-of-service liabilities, including after-service health insurance

After-service health insurance

109. The General Assembly, in its resolution 61/264, noted that the International Public Sector Accounting Standards required that the accrued after-service health insurance liabilities and future accrued expenses be recognized on the face of the financial statements and that this requirement was irrespective of funding such liabilities. In the same resolution, the Assembly decided to approve the establishment of an independent segregated special account to record after-service health insurance accrued liabilities and account for related transactions. As regards UNICEF, end-of-service liabilities as at 31 December 2007 are reported in note 20 to the financial statements. UNICEF indicated that the resolution was not clear on whether all United Nations entities were required to accrue those liabilities, nor on the time frame for recognizing such accrued liabilities, whether as at 31 December 2007 or during the course of IPSAS adoption.

110. As computed and reported by the consulting actuary, the amount of $292.38 million was disclosed in the notes as the accrued liability for after-service health insurance as at 31 December 2005 because the actuary engaged to revise the valuation as at 31 December 2007 had not yet completed the new valuation as at 31 March 2008, the date of issuance of the financial statements. It was further disclosed in note 20 that the actuary had given a preliminary indication that UNICEF liability had increased significantly and that the accrued liability as at 31 December 2007 totalled $482.7 million.

111. The previous valuation of after-service health insurance as at 31 December 2005 was based on the gross liability for active employees then eligible to retire and active employees not yet eligible to retire as at 31 December 2005, as well as UNICEF retirees in the biennium the 2004-2005, with data obtained from: (a) census data provided by UNICEF and premium and contributions data provided by the United Nations; (b) actual retiree claims experience in the United States of America with various medical plans, including the medical insurance plan; (c) expected United States Medicare drug subsidy receipts; and (d) various economic and actuarial assumptions.

112. To meet the funding requirement for the after-service health insurance liability, the established fund reserve was increased to $150 million as at 31 December 2007 (from $60 million as at 31 December 2005) pursuant to approval by the UNICEF Executive Board. Considering, however, that UNICEF liabilities had increased significantly and that the estimated accrued liability as at 31 December 2007 totalled $482.7 million, the $150 million fund reserve for after-service health insurance was not adequate.

Accumulated leave and repatriation grant

113. In note 21, UNICEF disclosed its liability as at 31 December 2007 for accumulated leave credits and repatriation grant in the total amount of $85.64 million, as detailed in table II.9. The estimated liability for repatriation grant was based on a computed average generated in SAP-FLS. The estimated liability for

accumulated annual leave was based on the average for the past five years. The annual estimates were verified against the computation sheet of each country/regional/field office prepared by the individual employees using their accumulated leave balance multiplied by their rate per day in United States dollars. As at 31 December 2007, the amount of $18.3 million had since been reserved to cover separation and termination liabilities (excluding after-service health insurance).

Table II.9
Comparative accrued liability for end-of-service liabilities (excluding after-service health insurance) for the bienniums 2004-2005 and 2006-2007
(Thousands of United States dollars)

	2006-2007	*2004-2005*
Accumulated leave	45 155	38 902
Repatriation grant	40 488	36 909
Total	**85 643**	**75 811**

114. **The Board recommends that UNICEF: (a) consider disclosing its end-of-service liabilities on the face of the financial statements; and (b) determine mechanisms to fully fund those liabilities.**

6. Financial statement disclosures

Disclosure of the details of the investment portfolio

115. The United Nations system accounting standards require disclosure of details of an investment portfolio. The purpose is to provide readers of the financial statements with enough insight into the significance of the investments to the financial position and cash flows of UNICEF.

116. The $445 million in investments reported in the statement of assets, liabilities, reserves and fund balances was described in note 9 as consisting of fixed-income securities stated at amortized cost, with the current period market value estimated at $446 million. The account statement from the investment manager for the month of December 2007 disclosed that UNICEF holdings represented various callable notes and bank bonds maturing within one year or more. No other additional information was provided.

117. **The Board recommends that UNICEF disclose the details of the investment portfolio, including the market value of the investments under both the short-term and long-term classifications.**

Source of funding of reserves

118. Paragraph 56 of United Nations system accounting standards prescribes obligatory disclosure for reserves, which include the sources of funding of each capital fund and reserve account to help the reader better understand the nature of the reserves. In note 7, paragraphs 31 to 34, of the notes to the financial statements regarding reserves for procurement services, insurance and capital assets, there was

no information regarding the source of funding, in contrast to the disclosures on the reserves for after-service health insurance.

119. **UNICEF agreed with the Board's recommendation that it consider the disclosure of the source of funding of the reserves for procurement services, insurance and capital assets.**

7. Progress towards the implementation of the International Public Sector Accounting Standards

120. A review of the preparations made by UNICEF to implement IPSAS revealed that it had no IPSAS adoption plan. Such a plan is one of the five critical implementation steps set out in the IPSAS adoption progress report of the Task Force on Accounting Standards dated 10 March 2008. The UNICEF IPSAS website also made no mention or reference to an adoption plan in reporting progress of the preparations for IPSAS implementation.

121. **The Board recommends that UNICEF develop a plan detailing the various steps to be taken leading to the full implementation of IPSAS by 2010.**

122. UNICEF commented that its IPSAS project was on track and would be completed by 2010 and that it had prepared and circulated a gap analysis during the first quarter of 2008 that covered each of the major areas of IPSAS impact on UNICEF business practices, summarized the requirements of IPSAS and would form the basis for a detailed timetable and implementation plan. In addition, UNICEF reported that its Executive Board had in January 2008 approved the budget estimate relating to the cost of IPSAS adoption, had in September 2007 recruited an IPSAS adoption specialist and was in the process of recruiting an IPSAS project team.

8. Procurement and contract management

Undocumented performance evaluation of suppliers

123. The UNICEF Supply Manual, in paragraph 7.6, chapter 10, provides that:

> All information regarding the supplier is stored in a file ... including the SPF [supplier profile form], copies of financial statements, annual reports, inspection reports, quality certificates, correspondence relating to quality problems and other documents relevant to the supplier's performance.

124. At the Private Sector Division, supplier evaluations were done through a joint consultative process among the assigned Production Control Officer, the Procurement Officer, the Heads of Procurement and Production and the Chief of the Office of Support Services. However, no written report was prepared to document the performance evaluation of each. The Private Sector Division claimed that a written evaluation on each supplier was neither reasonable nor possible, as the sheer administrative magnitude of the work would exceed the resources available.

125. The Board is concerned that without performance evaluation reports, suppliers with a history of unsatisfactory performance might be offered additional contracts.

126. **UNICEF agreed with the Board's recommendation that it prepare written evaluations of all suppliers to reduce the risk of contracts being awarded inadvertently to suppliers with unsatisfactory performance.**

127. The Private Sector Division commented that in January 2008 a new web-based bidding tool had been implemented that contained a pre-evaluation of suppliers; post-evaluation criteria were being developed.

Deliveries beyond specified delivery dates/liquidated damages

128. The Board noted that items had been delivered 48 to 72 days after the agreed delivery dates for the Philippines country office, 5 to 187 days late for the Myanmar country office and 37 to 240 days late for the Ethiopia country office. There was also no provision in the purchase orders imposing liquidated damages in case of late delivery. The delays affected the timely implementation of programme activities.

129. The Myanmar country office explained that the delays were due primarily to the continual changes in the Government's policy on importation and the resulting difficulties encountered by suppliers in bringing goods into the country, considering that most of the raw materials were imported from neighbouring countries.

130. **UNICEF agreed with the Board's recommendation that the Philippines, Myanmar and Ethiopia country offices include in purchase orders a penalty clause for late delivery in accordance with the provisions in the UNICEF Supply Manual.**

131. As verified by the Board, the Philippines country office had recently imposed liquidated damages for late deliveries. A supplement to the standard terms and conditions was added to include delivery periods as well as a penalty for late delivery.

132. The Ethiopia country office agreed to monitor the timely delivery of supplies. However, the system-driven purchase order template did not allow additional clauses to be added to each purchase order.

9. Asset management

Undistributed project supplies

133. It is important to keep proper records of UNICEF supplies in Government warehouses and stores separate from the Government's records to facilitate tracking by UNICEF staff as well as by auditors. At the same time, it is important to use or establish a Government reporting system on the status of UNICEF supplies in Government warehouses, as set out in the Supply Manual (chap. 14, sect. 1, para. 4.8).

134. Generally, the warehousing and distribution of UNICEF project supplies is the responsibility of the counterpart Government, but there are situations in which there is no Government in place or where a country office assessment found that the local government was unable to manage and deliver the project supplies on time. This seriously jeopardized the achievement of programme goals. In such situations, UNICEF should consider extending assistance to the counterpart Government for customs clearance, warehousing and in-country distribution (see chap. 11, sect. 1, para 2.2 of the Supply Manual).

135. The Board's review of the Myanmar country office warehouse inventory report as at 30 September 2007 disclosed that there were supplies in four Government warehouses that had remained undistributed for six months to two years. The items included water and sanitation supplies comprising mostly written-off items and

items appropriated for emergency response. Supplies over one year old valued at $78,071 were obsolete items that had been earmarked for write-off. The process of disposal/write-off had been delayed owing to the bureaucratic procedures of the Government.

136. The Myanmar country office explained that the educational supplies stored at the warehouse from six months to two years had been distributed in October and November 2007. Items consisting of children's books valued at $0.17 million could not be distributed owing to a delay in the completion of boxed libraries. It further emphasized that the school supplies needed to be sent twice a year in accordance with the school calendar (June to March). This caused some delay, as supplies for the next school year had to reach the schools before they opened in June, thus, there were times when supplies ordered the previous year remained in the warehouse to align with the school year distribution plan. The Myanmar country office further stated that the inventory of health and nutrition supplies at the warehouse had been reduced by $0.96 million as at 26 November 2007.

137. Likewise, an examination of the inventory records of the Bolivia country office as at 30 May 2007 showed that there were supplies such as PVC pipes and other construction materials, carts and radios purchased for four programmes that had remained undistributed for 154 to 343 days from the purchase date. Office equipment and a motorcycle also remained in stock for 176 to 343 days. Supplies that remain undistributed for a long period of time affect the efficiency of programme implementation and occupy valuable storage space.

138. The following conditions were cited by the Bolivia country office as causes for the untimely distribution of supplies: (a) the supply requirements of a particular programme were not provided immediately owing to problems with item specifications resulting in numerous exchanges of correspondence and return of documentation; and (b) the programme's supply needs were overestimated. The country office further explained that the quantities of some items was small and they would be too costly to transport unless accompanied by larger orders. It agreed, however, that there was room for improvement in terms of the supply plan and work processes.

139. In addition, the Board verified 20 supply requisitions from the Ethiopia country office from 1 January 2006 to 30 September 2007 and noted that distribution lists were attached to only 2 of them.

140. The Board's review of the Addis Ababa warehouse stock report as at 15 October 2007 revealed that supplies costing $708,280 had been in stock from 2002 to 2005 in a bonded warehouse owing to the non-payment of customs duties by the recipient Government agency, including costs associated with the clearance, receipt, unloading, storage, insurance, transportation and distribution of such supplies, equipment and other materials after their arrival in the country. The payment of those costs by the recipient Government agency was specified in the basic cooperation agreement between UNICEF and the Government of Ethiopia.

141. **UNICEF agreed with the Board's recommendation that:**

(a) **The Myanmar country office implement a procurement strategy to ensure that supplies are dispatched in a timely manner to the end-users once they are delivered;**

(b) **The Bolivia country office ensure that realistic estimates of supply requirements are prepared and that supplies are distributed to the programmes within the designated time frames.**

142. **UNICEF also agreed with the Board's recommendation that the Ethiopia country office: (a) attach distribution lists to supply requisitions; and (b) make representation to the Government of Ethiopia for the release of programme supplies that are kept in bonded warehouses in compliance with chapter 14 of the Supply Manual.**

Non-expendable property disclosure in the financial statements

143. The accounting instructions for the closure of UNICEF accounts require field offices to submit a certified summary of non-expendable property for the year supported by sound inventory management practices in accordance with UNICEF financial rule 112.34, which requires physical inventories of supplies, equipment or property owned by or entrusted to UNICEF be taken annually or at such intervals as deemed necessary. All certified non-expendable property summaries submitted by the country offices were reviewed and consolidated manually at UNICEF headquarters to form part of the notes to the financial statements.

144. The Board noted the following deficiencies in the certified non-expendable property summaries submitted by the field offices to UNICEF as the basis for the disclosure of non-expendable property in the notes to the financial statements:

(a) In the summary submitted by the Regional Office for South Asia, the beginning balances for 2006 did not tally with the ending balances of the previous year by $23,698 for the programme budget and $19,121 for the support budget;

(b) The summary of the Yemen country office as at 31 December 2006 showed a beginning balance for equipment charged to the programme and support budget of $434,560, while the summary as at 31 December 2005 showed an ending balance of $443,917, or a net discrepancy of $9,357. The property report generated as at 31 December 2006 from the local property inventory database, as reconciled with the summary submitted to the Division of Financial and Administrative Management, revealed a discrepancy of $149,640;

(c) The Ethiopia country office summary as at 31 December 2006 included items valued below $1,500 each;

(d) The opening and closing balances for non-expendable property of the Southern Sudan area office as reported to the Division of Financial and Administrative Management as at 1 January 2006 and 31 December 2007 were not supported by detailed inventory listings that would have allowed verification. Only the actual non-expendable property inventory for the Juba office and the seven zonal offices as at 31 December 2007 was presented. These totalled $3.75 million, which, when compared against the closing balance of $6.32 million as reported to the Division, resulted in a difference of $2.57 million.

145. Since the figures reported by the field offices are disclosed in the notes to the financial statements, it is imperative that UNICEF headquarters obtain reasonable assurance that the non-expendable property figures are accurate.

146. **UNICEF agreed with the Board's recommendation to take measures to improve the reliability of the inventory records in the field offices.**

Disposal of unrecorded non-expendable property

147. A review of the 2006 and 2007 certified non-expendable property summaries revealed disposals of computer equipment in 2007 valued at $171,984. An examination of the corresponding Property Survey Board report for 2007 further revealed that the Board had approved the disposal of four HP RP8400 servers, which were traded in when UNICEF purchased two Superdome servers. Upon the approval of the Property Survey Board, the amount of $171,984 was deducted from the certified non-expendable property summary for 2007. It was verified, however, that the carrying amount of the four HP servers that were disposed of should have been $1.41 million, as shown in table II.10.

Table II.10
Details of the disposed-of servers that were traded in
(United States dollars)

Purchase order number	*Serial number*	*Amount*
45027785	USR41520CN	171 984.30
45027785	USR41520CP	171 984.30
4503511 (Invoice No. 5FS5891)	USR43075AC	295 424.41
4503511 (Invoice No. 5FS5891)	USR43136OJ	492 445.39
4503511	Upgrades	278 252.95
Total		**1 410 091.35**

148. Only one of the four HP servers (USR41520CN) listed in the Property Survey Board report was included in the certified non-expendable property summary for 2006. The three other servers, worth $1.24 million, that were disposed of in 2007 were not listed.

149. In addition, disposals in 2006 amounted to $824,272. The review of the corresponding Property Survey Board report for 2006 and of the asset listings that accompanied the Board's approval revealed that the certified non-expendable property summary for 2006 did not report in the disposal column the disposal of assets amounting to $444,324. These circumstances point to the existence of weaknesses in asset management.

150. **UNICEF agreed with the Board's recommendation that it review its non-expendable property management processes and control of property records.**

10. Human resources management

Consultants, experts and temporary assistance

151. The services of consultants and/or individual contractors are engaged for the implementation of the programmes of UNICEF through the issuance of special service agreements, which have to be approved and signed by both UNICEF and the consultants/contractors before the commencement of work. The Board noted 94 special service agreements in five regional/country offices (i.e. the regional office in the Americas and the Caribbean and the country offices in Ethiopia, the

Philippines, Viet Nam and India) where UNICEF allowed the consultants/contractors to start work and/or to be paid before the contracts were signed, contrary to the provisions of paragraph 6.2.83 of the Human Resources Manual (Vol. II).

152. At the India country office, payments to some consultants/contractors were made despite non-compliance with performance evaluation provisions of sections 5.13 and 5.14 of administrative instruction ST/AI/1999/7. The deficiencies included: (a) the absence of a performance evaluation regarding the contractor's accomplishment of agreed deliverables; (b) incomplete deliverables; and/or (c) the submission of a discussion paper that did not correlate with the agreed output. The evaluation of the performance of a consultant to measure the quality of work performed is mandatory before the payment of consultancy fees.

153. Moreover, the work of the consultants and contractors involved travel on behalf of the regional/country offices, hence health statements and physician certificates were needed in all cases to make sure that the consultants were fit to travel and immune to disease, especially in countries that required vaccination, as provided in paragraph 6.2.126 of the Human Resources Manual. The Board noted that the files of 11 special service agreements in Myanmar, 9 in Ethiopia and 17 in the Philippines did not contain a statement of good health or the statements were dated after the work of the consultants had commenced.

154. In addition, in order for the consultants/contractors to fully meet UNICEF standards, a checklist is recommended (see annex A to the Human Resources Manual) to be used by offices and to be completed, filed and monitored periodically by the supervisor throughout the duration of the contract. Documentation related to the contracts as well as the terms of reference are also required to be complete, up-to-date and readily accessible.

155. The country office in Egypt did not comply with the checklist requirement, considering that it was too lengthy and cumbersome and assuming that it was not mandatory. It agreed to consider the implementation of a systematic and streamlined monitoring mechanism. The Board noted that a number of original copies of special service agreements were not on file at the country office in the Philippines.

156. In hiring institutional contractors, which required competitive bidding in the selection process, the Southern Sudan area office in Juba was found to have hired or rehired some of its contractors from a single source contrary to the provisions of paragraph 6.2.73 of the Human Resources Manual. The area office explained that this was due to the expertise of the contractor or the urgency of the circumstances. At the Nigeria country office, the Board noted that one contractor had been the recipient of an uninterrupted period of engagement from May 2005 to May 2007 involving an aggregate amount of $7.07 million. Although the contractor was initially selected through a competitive process, the contracts were renewed without bidding except for two special service agreement extensions, contrary to the provisions of administrative instruction CF/AI/1991-011.

157. **The Board recommends that UNICEF comply with the requirements of the Human Resources Manual and the related administrative instructions in the hiring of consultants in respect of selection procedures, the signing of special service agreements before the commencement of work, medical examinations and performance evaluation.**

11. Information technology

Segregation of functions in the computerized information system

158. The Board examined the Systems, Applications and Products — Human Resources (SAP-HR) payroll process using as a sample the international professional worldwide payroll for the period from 31 January to 30 September 2007. It was noted that the Payroll Unit had access rights allowing it to assign fund sources to certain posts directly from the programme budget allotment. The Payroll Unit can execute this action when there is either a shortfall in the balance of cash requisitions for a given payroll period or when no cash requisition has been created for a particular post that has a sufficient programme budget allotment.

159. The Board noted that the following functions of the Division of Financial and Administrative Management were also undertaken by the Payroll Unit:

(a) Execution of corrective action to assign funds to posts directly from the available balance of the programme budget allotment when other field offices did not create the needed cash requisitioning within the period set prior to finalization of the payroll to ensure that the staff get their salary at the end of the month. The concerned field office is advised with urgency, by e-mail, to effect corrections done by the Payroll Unit at headquarters to ensure the replication of payroll payments in ProMS;

(b) Execution of corrective action, when short of time, to change the validity end date of a cash requisition that did not end on the last calendar day of the month;

(c) Initiation of a posting run in the financial accounting module of the payroll data to financial accounts;

(d) Review of incorrect accounts posting, running of actual accounts posting, rerunning of posting errors and finalization of accounts posting.

160. As both the funding commitments or the cash requisitions and the work breakdown structure elements were under the SAP-FLS finance module and posting activities were within the domain of the Division of Financial and Administrative Management, posting activities usually were functions of the Division.

161. The access/administration rights of the Payroll Unit, which is not functionally under the Division of Financial and Administrative Management, were inconsistent with the general practice of segregation of duties.

162. UNICEF pointed out that posting in SAP-HR was always done at the programme budget allotment level and that the Payroll Unit did not administer the assignment of funds to posts. UNICEF also pointed out that salary expenditures were charged directly to the programme budget allotment and linked to the replicated cash requisition created by the field office. However, in exceptional cases in which the funding source was not automatically updated (for technical and/or other reasons), the Division of Financial and Administrative Management updated the cost distribution on the basis of information on the programme budget allotment provided by the concerned office and/or the programme budget allotment for regular resources of the respective office.

163. In respect of the comment by UNICEF that the Division of Financial and Administrative Management had updated the cost distribution related to errors and observations raised, the Board is of the view that corrections made by raising or

correcting the cash requisition could be made only by the field office through ProMS for replication in SAP-FLS.

164. **The Board recommends that UNICEF evaluate the existing functions in the payroll process with a view to ensuring the adequate segregation of duties.**

Financial authorities in the Programme Manager System document authorization table

165. A Division of Financial and Administrative Management advisory note of December 2005 delineated the tasks of the Systems Administrator and the Applications Administrator. The note provided that the Applications Administrator should not have any financial authority or any other systems rights.

166. The Board noted, however, that the assigned Applications Administrator of the Middle East and North Africa Regional Office had been delegated financial authority, such as allocating programme budget allotments up to $200,000 and certifying invoices up to $2 million, and was a member of the signatory panel as paying officer.

167. An evaluation of the workflow processes at the Eastern and Southern Africa Regional Office revealed that the certifying authority given by the Applications Administrator to the Procurement Officer for invoices in the ProMS document authorization table was not in line with the table of authority issued by the Regional Director. In the table of authority, the Procurement Officer was designated as the second alternate obligating officer for purchase orders and not as the certifying officer for payment. Allowing the Procurement Officer to act as the certifying officer while at the same time designating him or her as an alternate obligating officer was inconsistent with the internal control principle of segregation of duties. The Eastern and Southern Africa Regional Office acknowledged this oversight.

168. At the Jordan country office, the Applications Administrator had been delegated certain ProMS rights, such as the allocation of both programme budget allotments up to $4.25 million and support budget allotments up to $400,000.

169. **The Board recommends that UNICEF ensure that the regional offices for the Middle East and North Africa and for Eastern and Southern Africa and the Jordan country office comply with the requirement that the Applications Administrator not be granted any financial authority.**

12. Programme and project management

Planned project results that are not specific, measurable and attainable

170. A review of the 2006 and 2007 annual workplans for the reproductive and child health project of the Mumbai field office and the annual workplans of the Regional Office for South Asia revealed that planned results had not been articulated in "change language" with specific, measurable and achievable results. This did not allow for an objective assessment of the key results for the programme. At the Ghana country office, the annual workplans did not have details as to activities, time frame and budget.

171. **The Board recommends that UNICEF ensure that all field offices provide specific baseline and target data to further enhance the measurability of project results.**

Non-use of the Programme Manager System for planning and monitoring

172. The Programme Manager System, which is prescribed in the Programme Policy and Procedures Manual as a primary tool for the efficient planning, initiation and recording of transactions relative to the annual workplan, was not utilized as intended at the Americas and the Caribbean Regional Office and at the Southern Sudan area office.

173. At the Americas and the Caribbean Regional Office, the planned outputs, specific time frames, project results and other detailed activities and information were not indicated in the annual workplan and the folders for programme/projects in ProMS were not filled, hence, the annual workplan printout did not contain the necessary information.

174. At the Southern Sudan area office, the ProMS-generated standard project report was not prepared. Instead, the office prepared the end-of-year review report, but it contained only the budget and expenditures by project and not by activity; thus, information on key areas, such as a description of planned output against actual output and actual expenditure against funds budgeted, could not be determined. In the health programme, the annual workplan monitoring tool was used in only 3 out of 16 projects, but in those projects (sector policy and planning, integrated child health/primary health care, and immunization plus) key information was not indicated in areas such as results of activities and progress towards achieving country programme outputs.

175. **The Board recommends that UNICEF ensure that the Americas and the Caribbean Regional Office and the Southern Sudan area office: (a) fully utilize ProMS as a monitoring tool for programme implementation and for requisitioning inputs; and (b) conduct training for all sector heads and programme/project officers on the use of programme management tools in ProMS.**

Comparative analysis between the detailed annual workplan and implementation results

176. In line with the 2007 country office annual reporting guidelines, the UNICEF Division of Policy and Planning prescribed a reporting format for the uniform presentation of programme achievements. The guideline also required the incorporation in the country office annual report of a comparative analysis of the annual workplan and the actual results.

177. This objective, however, was not achieved, as no comparative analysis was undertaken of the detailed activities for each programme as contained in the annual workplan and the documented actual implementation results based on the annual workplan monitoring tool. It was also noted that the two documents (the annual workplan and its monitoring tool) were not attached as annexes to the country office annual report. Only the annual report of the Southern Sudan area office mentioned a comparison between the number of activities completed (502) as against the number planned (550) in the annual workplan.

178. The Director of the Division of Policy and Planning is of the view that attaching the annual workplan and the monitoring tools to the country office annual reports would be duplicative and unnecessary, as they were already available to potential reviewers through ProMS.

179. **UNICEF agreed with the Board's recommendation that it ensure that the Division of Policy and Planning include in the guidelines for the 2008 country office annual reports a requirement to incorporate in section 2.2 of the report a comparative analysis of the annual workplan in relation to the actual results according to the annual workplan monitoring tool.**

Programme refunds

180. Since the annual workplan describes the planned annual outputs and the activities to be carried out by the implementing Government or non-governmental partner and the support to be provided by the United Nations agency, it is used as the basis for any reservation of funds, the planning and requisition of supplies, contracts, travel authorizations, cash inputs and disbursements. As such, no disbursements are possible without an approved annual workplan.

181. The Board's review of the reported programme budget implementation by the India country office showed only the extent of budget utilization, not the programme refunds received ($4.05 million for the biennium 2006-2007) that had to be reprogrammed, the actual utilization and unspent balances of which were also not indicated.

182. In its review of cash transfers to implementing partners, the Board noted that of the $4.05 million in programme refunds, the $199,920 received in 2006 related to 2004 and 2005 cash transfers and the $14,580 received in 2006 and 2007 related to programmes with closed programme budget allocations. The refunds had already been reported as expenditure when the cash transfers to implementing partners were released.

183. The Board is concerned about the recurring overstatement of expenditure every biennium as a result of the refunds.

184. **The Board recommends that UNICEF ensure that the India country office: (a) evaluate project proposals to determine the adequacy of requested financing by implementing partners and probable obstacles to implementation; (b) strengthen the monitoring of projects; and (c) document and monitor the reprogramming and utilization of refunds.**

13. Revenue-producing activities

Income retention by National Committees from the sale of greeting cards and gifts

185. Rule 9.04 of the special supplement on the Greeting Card Operation to the UNICEF Financial Regulations and Rules provides that the National Committees may be authorized to retain up to 25 per cent of their gross proceeds from the sale of Greeting Card Operation products, such as cards and gifts, pursuant to a recognition agreement between the National Committee and UNICEF.

186. Verification revealed significant variations in the retention rates from the authorized 25 per cent. Of the 36 National Committees that submitted final revenue and expenditure reports for 2006, only 4 had retention rates below the authorized 25 per cent, while 32 had more than 25 per cent. One even applied a retention rate of 100 per cent.

187. The Private Sector Division explained that rule 9.04 would be revised in conjunction with an overall update of the UNICEF Financial Regulations and Rules

to be undertaken along with the implementation of IPSAS. Furthermore, according to the Division, applying a simple 25 per cent retention policy throughout would jeopardize future income growth from fund-raising and did not take into account the specific needs or stages of development of individual committees.

188. The Board is of the view, however, that the Division could have maximized National Committee contributions to UNICEF had it strictly enforced the authorized retention rate of 25 per cent of gross proceeds from the sale of greeting cards and gifts.

189. **The Board recommends that UNICEF ensure that the Private Sector Division enforces financial rule 9.04 relating to the retention of income by National Committees.**

190. **The Board also recommends that UNICEF evaluate the applicability of the 25 per cent retention rate to all National Committees.**

Private Sector Division income based on provisional revenue and expenditure reports

191. To provide UNICEF with an income estimate for inclusion in its annual financial report, the gross proceeds from the sale of cards and gifts are accrued on the basis of the provisional revenue and expenditure reports received from the National Committees at the end of the campaign year. The accrual is eventually adjusted in the following year upon the receipt of the final revenue and expenditure reports. Likewise, related estimated expenditures incurred by the National Committees and the costs of goods delivered are accrued on the basis of the provisional revenue and expenditure reports, which are adjusted upon receipt of the final reports.

192. Furthermore, rule 9.09 of the special supplement on the Greeting Card Operation provides that all income from the Greeting Card Operation shall be recognized by the Comptroller in the relevant fiscal year in which it was earned and shall be recorded on the basis of financial reports submitted to the Greeting Card Operation by its sales agents.

193. The due dates for the submission of revenue and expenditure reports, as contained in the final instructions and the National Committees' planning and reporting calendar for the 2006 and 2007 campaign years, are provided in table II.11.

Table II.11
Due dates for the submission of revenue and expenditure reports

Campaign year	*Provisional report*	*Final report*
2006	31 January 2007	31 May 2007
2007	31 January 2008	31 May 2008

194. Under accounting instructions 2007/03, UNICEF was required to submit financial statements for the biennium ended 31 December 2007 by 31 March 2008. The Private Sector Division for its part was to complete all activities in preparation for consolidation by 8 February. The 31 May 2008 deadline in the reporting calendar

for campaign year 2007 was therefore beyond the 8 February 2008 deadline for financial reporting.

195. As a result, the recording of Private Sector Division income was based on estimates contained in the provisional reports of the National Committees. The Division explained that previously the National Committees had submitted their annual provisional reports by the end of February, and under the current business practices National Committees would not be able to comply with the request to submit their final reports by 31 January.

196. **The Board recommends that UNICEF ensure that the Private Sector Division, in consultation with the National Committees, revises the reporting calendar for the submission of the final reports to coincide with the deadline for financial reporting.**

197. The Private Sector Division commented that, given the specificities of the greeting card business, it would not be possible to implement the recommendation without fundamental technical changes and that this issue would be considered as part of a longer-term strategy discussion regarding future business models for cards and gifts.

14. Travel management

Late submission of travel claims

198. The verification of travel authorizations and travel reports during the biennium at headquarters and nine field offices (in Bangladesh, Bolivia, Colombia, Ethiopia, South Africa, Tokyo, Yemen and Geneva and at the Americas and the Caribbean Regional Office) revealed that travel reports (claims/reimbursements) had been submitted after the prescribed 15-day period, contrary to the provisions of the Administration Manual (chap. 8, sect. 1, para. 5.10). The delays were as long as 99 days in the Tokyo office and 194 days at the Americas and the Caribbean Regional Office.

199. Delays in the submission of travel reports result in delays of the recognition of travel expenses in the books of accounts. The Board is concerned that this affects the accuracy of the travel expense account owing to the temporary lodging of unliquidated travel advances under a receivable account.

200. **UNICEF agreed with the Board's recommendation that it: (a) comply with policies and procedures on the submission of travel reports; and (b) ensure that travel advances are cleared within 15 days of the completion of travel.**

201. UNICEF commented that it would ensure that managers monitor regular travel on time and enforce recovery through salary deductions in cases of non-submission of regular travel reports within the prescribed period.

Absence of travel plan

202. The Human Resources Manual (Vol. II, chap. 12, sect. 3, para. 12.3.80) provides that staff members must submit a local travel request form at least two weeks prior to the anticipated departure date. Staff members must be in possession of a signed travel authorization form prior to undertaking official duty travel. The same provision is contained in chap. 8, sect. 3, para. 4.2 of the UNICEF Administration Manual.

203. The Board's review of travel at the Bolivia country office showed that a number of staff members had submitted their travel requests one day before or on the day of travel, despite instructions that travel requests must be initiated by each sector and sent to the administration 72 hours in advance. At the Philippines country office, the Board noted that travel authorizations had been issued after the start of or after the completion of travel.

204. Neither the Bolivia nor the Philippines country office had travel plans for 2006 and 2007, increasing the risk that an assessment of the relevance of the field trips to programme activities was not undertaken.

205. The Southern Sudan area office also did not have a travel plan for 2006-2007. Instead, a travel indicator report was prepared and all travel by Professional staff was monitored monthly during meetings of the area management team and quarterly in country management team meetings. The Office informed the Board that the preparation of an area-wide travel plan was not feasible in view of the emergency nature of the Southern Sudan area programme. However, the office plans to prepare a travel plan for 2009.

206. **The Board recommends that UNICEF ensure that the Bolivia and the Philippines country offices and the Southern Sudan area office: (a) submit travel requests in a timely manner; and (b) prepare a travel plan in line with the UNICEF Administration Manual.**

15. Internal audit function

207. It is the policy of the Office of Internal Audit to audit country offices at least once every five years. The Charter of Authorities and Responsibilities of the Office of Internal Audit was promulgated in February 2005, and the policy to audit each office within a period not to exceed five years has been in force since then. This same policy was used in the risk model from 2003 to 2007 and the global risk model for 2008.

208. An examination of the list of field offices audited by the Office of Internal Audit showed that 113 field offices were audited and 16 were not audited in calendar years 2003 to 2007. The field offices not audited were those in Argentina, Azerbaijan, Bhutan, Brazil, the Congo, Costa Rica, Eritrea, the Gambia, Ghana, Lesotho, Malaysia, Mexico, Morocco, Nepal, Peru and Uruguay. Verifiable explanations were given, however, for the postponement of the 16 audits, and the audits were included in the workplan of the Office for 2008.

209. The same lists showed that 17 field offices had been audited more than once during the same period, as shown in table II.12.

Table II.12
List of offices audited more than once by the Office of Internal Audit from 2003 to 2007

Country office	*2003*	*2004*	*2005*	*2006*	*2007*	*Total*
Belarus	X				X	2
Burundi	X			X		2
Djibouti	X			X		2
Bangladesh		X		X		2
Indonesia	X	X	X	X	X	5
Kenya	X				X	2
Pakistan	X			X		2
Iraq		X	X	X		3
Nigeria		X		X		2
India		X		X		2
Ethiopia			X		X	2
Rwanda	X				X	2
Zambia	X			X		2
Zimbabwe	X			X		2
Sri Lanka			X		X	2
Kazakhstan	X				X	2
The former Yugoslav Republic of Macedonia	X			X		2

210. The objective of the Office of Internal Audit to audit all field offices in the span of five years had apparently not been met because 16 offices had not been audited in the past five years (2003-2007), while 17 offices had been audited twice or more during the same period. UNICEF explained that the Office of Internal Audit had audited all country offices at least once since 2001.

211. UNICEF further explained that there were reasons for the repeated audits, namely: (a) 9 of the offices were among the top 10 country offices based on programme budget allocation during the period 2003-2007; (b) consistent with its charter and where possible, the Office of Internal Audit had since prioritized audits of the top 10 country offices, undertaking one audit every two years. The small offices, in Belarus and Kazakhstan, were prioritized for audit in 2007 ahead of the Gambia in order to economize on the use of audit resources; and (c) Burundi, Djibouti, Kenya, the former Yugoslav Republic of Macedonia, Rwanda, Zambia and Zimbabwe were prioritized on the basis of risk, observed from various risk models and consultations.

212. As at 30 June 2008, 11 of the 16 country offices had since been audited. The remaining 5 would be audited between July and September 2008.

16. Internal audit findings

213. In 2007, 23 country offices and 1 zone office were audited by the Office of Internal Audit. Of the 385 audit observations issued, 70 per cent have been favourably acted upon. In 2006, 27 country offices were audited and 490 audit observations were issued. Only 9 of the 490 observations remain open, and all pertain to one country office.

214. Twenty of the open observations from 2007 and two from 2006 were rated as high risk. The Board is concerned of the need to immediately address the high-risk issues.

215. Five significant observations and recommendations are summarized in table II.13.

Table II.13
Summary of Office of Internal Audit observations and recommendations

Observation	*Recommendations*
1. Monitoring and disposal of non-expendable property. The inventory database was not accurate and up-to-date, including incorrect sales values of disposed vehicles as well as no record maintained on the disposal of 400 obsolete items as well as the inventory numbers of communication equipment destroyed.	The office should review the functioning of the Property Survey Board once a year to ensure that the established policies concerning disposal of non-expendable property as stated in financial circular 10 are complied with. The office should ensure that Property Survey Board recommendations are implemented in a diligent and timely manner.
2. Functioning of the Property Survey Board. The Board did not meet regularly, did not properly maintain minutes of its meetings and did not report on the action taken on the disposal of five vehicles and computer and telecommunication equipment. There was also significant delays in the execution of Property Survey Board recommendations relative to disposal of non-expendable property inventory items and the functioning of the Board.	The office should establish adequate procedures for monitoring, recording and disposal of non-expendable property to ensure that all inventory items are accounted for. The office should assign responsibility to review all obsolete items stored in the warehouse and to ensure that the inventory database is reconciled with the actual physical existence of the items.
3. Inadequate planning and scheduling of activities. Some of the programmes and zone offices had utilization rates below 50 per cent at the end of October 2007. Examples include health and nutrition (48 per cent), water and sanitation (24 per cent) and HIV/AIDS (21 per cent). The low utilization and the tendency to use significant amounts of programme funds	The office should ensure that activities are realistically scheduled in the annual workplans and that schedules reflect partners' implementation plans; the office should also take steps to help ensure that partners' requests for programme inputs are received within an adequate time frame prior to the planned start of activities, to enable timely processing.

Observation	*Recommendations*
in the last quarter of the year were due to various factors, including inadequate work planning and inadequate capacity to implement planned activities.	The office should establish a process for periodic review and adjustment of planned activities based on available staff and implementing partner capacities to manage the implementation of planned activities, and also ensure that financial resources are periodically adjusted and rephased based on the activities that can be implemented.
4. Inadequate segregation of financial duties. At the time of audit, the Officer-in-Charge of operations was performing multiple duties that were incompatible. The staff member who performed accounting functions was also the ProMS systems administrator because of a shortage of operations staff. As a compensating control, the Officer-in-Charge was not designated as a paying officer. This, however, cannot guarantee the prevention of inappropriate transactions.	The office should review and adjust the responsibilities assigned to the Officer-in-Charge of operations to ensure a clear segregation of duties, in accordance with financial circular 34 on financial implementation.
5. Transfer of high-value equipment to a non-governmental organization (NGO). The office donated to an NGO a drilling rig acquired in 2000 with a value of $406,805 under an agreement with the Church of Christ Rural Water Supply Development Project, however, the office continued to support the repair and maintenance of the rig, including spare parts costing $35,000. The audit considered that the agreement was high risk since the partner was a small local NGO.	The office should strengthen standards and procedures for the release of equipment to NGOs, ensuring that donation of high-value equipment to NGOs is justified and included in the programme cooperation agreements on exceptional basis and extensions of the agreements are adequately justified. The office should explain why the drilling rig was donated to the Church of Christ Rural Water Supply Development Project although this was not included in the programme cooperation agreement.

17. Write-offs and disposals

216. In the biennium 2006-2007, the Executive Board of UNICEF approved the write-off of the assets listed in table II.14.

Table II.14
Assets written off during the biennium 2006-2007
(United States dollars)

Inventory stock	820 594
Uncollectible receivables	285 347
Other assets	393 749
Uncollectible contributions	19 478 783
Total	**20 978 473**

18. Ex gratia payments

217. In line with UNICEF financial rule 113.9, the Administration informed the Board that there were no ex-gratia payments during the biennium.

19. Cases of fraud and presumptive fraud

218. During the biennium 2006-2007, UNICEF reported to the Board a total of 58 cases of fraud or presumptive fraud (as against 42 cases in 2004-2005). Examination of the details of those cases showed that UNICEF had not yet determined the financial loss in the majority of the cases.

C. Acknowledgement

219. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Executive Director and staff of the United Nations Children's Fund.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman, United Nations Board of Auditors

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

30 June 2008

Annex

Analysis of the status of implementation of the Board's recommendations for the biennium ended 31 December 2005[a]

	Subject	*Paragraph reference*[b]	*First reported*	*Fully implemented*	*Under implementation*	*Not implemented*
1.	Review the allocation of resources within countries considering the strategic priorities and the allocation of supplementary funding.	20	2004-2005		X	
2.	For the fund-raising strategy, identify ways of increasing the proportion of regular resources.	21	2004-2005	X		
3.	Review the capacity to sustain the increase in the portfolio of supplementary funded projects.	29	2004-2005	X		
4.	Review the procedure for raising and verifying unliquidated obligations relating to programme supplies.	36	2004-2005	X		
5.	Advocate the expeditious review of the medical insurance plan in cooperation with other United Nations organizations.	42	2002-2003		X	
6.	Amend the presentation of the cost recovery in statements I and IV or submit a redefinition of programme support expenditure to the Executive Board.	47	2000-2001		X	
7.	Review and improve the procedure on the disclosure of the value of non-expendable property.	54	2004-2005	X		
8.	Conduct a comprehensive analysis of long-outstanding contributions receivable and take appropriate action.	58	2004-2005	X		
9.	Revise manuals and the special supplement to the UNICEF Financial Regulations and Rules.	62	2004-2005		X	
10.	Review by the Private Sector Division of its policy on the determination of the provision for uncollectible accounts receivable and to ensure that it excludes written-off receivables from the provision for uncollectible receivables.	66	2004-2005	X		
11.	Attach an annex on financial reporting and transfers of funds to its agreements with national committees.	72	2002-2003		X	
12.	Harmonize the accounting treatment of private sector fund-raising proceeds.	78	2004-2005		X	
13.	Calculate, monitor and make available to national committees the overall support costs of income and expenditure to ensure that they are appropriately explained and disclosed.	81	2002-2003	X		

	Subject	Paragraph reference[a]	First reported	Fully implemented	Under implementation	Not implemented
14.	Set and monitor a target for the proportion of thematic contributions within other resources as part of its global fund-raising strategy.	86	2004-2005	X		
15.	Set and monitor targets for local private sector fund-raising in potential high-growth country offices.	88	2004-2005	X		
16.	Review supply-chain management to consider the cost-effectiveness of locally manufacturing part of its products.	91	2004-2005	X		
17.	Revise E/ICEF/Organization/Rev.3 to adapt the accountabilities of each unit to the core commitments for children in emergencies.	99	2004-2005		X	
18	Expedite the development of its emergency "talent pool".	104	2004-2005		X	
19	Bring to the attention of the Inter-Agency Standing Committee the identification and recruitment of human resources for emergencies.	106	2004-2005	X		
20.	Establish and monitor the implementation of quality standards for emergency preparedness and response plans.	108	2004-2005	X		
21.	Consider sharing its 24-hour operations centre with other United Nations agencies.	110	2004-2005	X		
22.	Monitor more closely the target arrival date of emergency local orders and the date of their issuance.	113	2004-2005			X
23.	Update the Supply Division's emergency preparedness and response plan.	115	2004-2005	X		
24.	Set and enforce quality standards for the supply and logistics components of emergency preparedness and response plans.	118	2004-2005	X		
25.	Increase of the proportion of field offices using the supply-planning module.	121	2004-2005	X		
26.	Update of the list of approved emergency items.	124	2004-2005		X	
27.	Revise the long-term arrangements with suppliers after updating its approved emergency items list.	128	2004-2005		X	
28.	Assess the reliability and accuracy of the Supply Division's key performance indicators.	130	2004-2005	X		
29.	Comply with rules regarding the segregation of duties between certifying and approving officer.	133	2004-2005	X		
30.	Regular review of all user profiles in the Systems Applications and Products to ensure adequate segregation of duties.	135	2004-2005	X		

	Subject	Paragraph reference[a]	First reported	Fully implemented	Under implementation	Not implemented
31.	Issue a guideline on investments in research and development to avoid the recurrence of advance payments for untested or faulty items.	141	2004-2005	X		
32.	Adopt a policy that would require contracts involving significant financial commitments to be submitted to the Senior Adviser (legal) for clearance.	144	2004-2005	X		
33.	Review the sustainability of the increase in procurement activity of the China country office.	149	2004-2005	X		
34.	Review relationships with national committees in the light of the tsunami fund-raising experience.	157	2004-2005	X		
35.	Provide guidance to field offices on the appropriate method to structure emergency programmes for reporting purposes.	159	2004-2005	X		
36.	Review the guidance on emergency preparedness and response planning.	163	2004-2005	X		
37.	Regular monitoring by regional offices of the status and quality of country office emergency preparedness and response plans.	165	2004-2005	X		
38.	Finalize the development of a rapid assessment manual to share with the members of the Inter-Agency Standing Committee to form the basis of a common methodology.	168	2004-2005	X		
39.	Assist country offices to ensure that they produce an extended assessment in compliance with the core commitments to children in emergencies.	170	2004-2005		X	
40.	Prepare comprehensive multi-year budgets and workplans for utilizing funds received in excess of initial requirements.	176	2004-2005	X		
41.	Allocate emergency funding to field offices in the context of appeals or other validated plans.	179	2004-2005	X		
42.	Systematically seek explicit donor approval to extend or modify the geographic or thematic reach of funds it is entrusted with.	183	2004-2005	X		
43.	Include the management of emergency surge capacity in the strategic review of human resources.	186	2004-2005	X		
44.	Include in the strategic review of human resources the process of recruiting temporary fixed-term staff for emergencies.	188	2004-2005	X		
45.	Improve the quality of supply and distribution planning in emergencies	193	2004-2005	X		
46.	Identify ways to quickly assess and raise financial and administrative capacity of implementing partners during emergencies.	195	2004-2005		X	

	Subject	*Paragraph reference*[a]	*First reported*	*Fully implemented*	*Under implementation*	*Not implemented*
47.	Use standard rates of allowances for training sessions, workshops and other activities funded by cash assistance.	197	2004-2005	X		
48.	Improve compliance of cash assistance in Indonesia and Sri Lanka with the requirements of financial circular 15 (Rev. 3).	199	2004-2005	X		
49.	Liaise with the United Nations Office for Project Services (UNOPS) to ensure that financial procedures for direct construction adequately safeguard UNICEF interests.	203	2004-2005		X	
50.	Review the means necessary to fully discharge its sectoral lead responsibilities for the relevant cluster in the Inter-Agency Standing Committee framework.	207	2004-2005	X		
51.	Monitor the involvement of its senior field management teams in inter-agency coordination forums.	217	2004-2005	X		
52.	Systematically bring unsatisfactory levels of inter-agency coordination to the attention of regional directors, the United Nations Development Group and, where appropriate, the High-Level Committee on Management.	218	2004-2005	X		
53.	Advocate, in consultation with the United Nations country team, for an extension of the preferential conditions it benefits from for its accommodation in China to other United Nations agencies.	225	2004-2005	X		
54.	Systematically advocate for joint premises to be considered by United Nations country teams when new or expanded premises are required in the context of a humanitarian crisis.	227	2004-2005	X		
55.	Include active involvement of field offices in the development of common services in the criteria used to assess the performance of country representatives and liaise with the United Nations Development Group Office to determine the options available to increase the proportion of common services in field offices.	237	2004-2005	X		
56.	Liaise with the United Nations Development Group Office to identify ways of improving the timeliness and relevance of the common country assessment/United Nations Development Assistance Framework process.	243	2004-2005	X		
57.	Liaise with the Department of Peacekeeping Operations to clarify the respective mandates of UNICEF field offices and integrated peacekeeping missions in the area of child protection.	247	2004-2005	X		

	Subject	*Paragraph reference*[a]	*First reported*	*Fully implemented*	*Under implementation*	*Not implemented*
58.	Draw lessons learned from its lack of provision of inputs for joint district-level implementation of the coordinated HIV/AIDS Response through Capacity-building and Awareness project.	252	2004-2005	X		
59.	Invite the China United Nations country team to draft and approve an integrated HIV/AIDS master plan of operation that focuses on reducing programme duplication and maximizing effectiveness.	258	2004-2005	X		
60.	Invite the China United Nations country team to develop projects involving joint implementation.	260	2004-2005	X		
61.	Review whether its approach to the HIV/AIDS epidemic is sufficiently closely aligned to its mandate.	262	2004-2005	X		
62.	Initiate negotiations at the appropriate level to conclude a framework agreement.	270	2004-2005	X		
63.	Benchmark procurement services with United Nations and other public procurement services to determine whether the level of its handling charge for cost recovery is appropriate.	272	2004-2005	X		
64.	Monitor the proportion of its purchases that take place within a collaborative United Nations framework.	277	2004-2005	X		
65.	Take further steps to encourage other United Nations agencies to use its procurement services and long-term arrangements.	279	2004-2005	X		
66.	Endeavour to jointly purchase items of common interest with the Office of the United Nations High Commissioner for Refugees (for example, tents, tarpaulins, blankets, collapsible jerrycans, mosquito bednets), whenever it would result in cost or efficiency gains for the United Nations as a whole.	282	2004-2005	X		
67.	Implement a comprehensive risk-management framework to enhance its governance and management control processes.	294	2004-2005	X		
68.	Review the terms of reference of its audit committee in line with the United Nations governance review.	300	2004-2005	X		
69.	Support the rapid expansion of the Office of Internal Audit coverage of all headquarters areas, including information technology.	306	2004-2005	X		
70.	Give high priority to a review of the adequacy of the Office of Internal Audit resources in the light of the expanded coverage required and of the various options available to meet that requirement.	307	2004-2005	X		

	Subject	*Paragraph reference[a]*	*First reported*	*Fully implemented*	*Under implementation*	*Not implemented*
71.	Expedite the approval of updated anti-fraud procedures.	310	2004-2005	X		
72.	Review internal audit procedures and work with the Audit Committee to ensure it significantly improves its report-issuance lead time.	313	2004-2005	X		
73.	Take steps to improve Office of Internal Audit internal quality assurance processes.	317	2004-2005	X		
74.	Update the job descriptions of senior staff.	321	2004-2005	X		
75.	File performance reports for all staff members, including at the Assistant Secretary-General level and above.	323	2004-2005	X		
76.	Define guidelines on gifts received and given and consider introducing a single, UNICEF-wide instruction to that effect.	325	2004-2005	X		
77.	Monitor detailed, measurable and achievable indicators for all UNICEF entities.	328	2004-2005	X		
78.	Establish a travel plan for staff members of the Office of the Executive Director.	331	2004-2005	X		
79.	Achieve greater interchangeability among Deputy Executive Directors, in particular regarding the oversight of divisions.	332	2004-2005	X		
80.	Ensure that briefing notes for the Executive Director abide by the deadlines and comply with the harmonized format.	334	2004-2005	X		
81.	Review the management of talking points and reports prepared by the Office of United Nations Affairs and External Relations.	340	2004-2005	X		
82.	Draft the guidelines requested in the Human Resources Manual, chapter 6, section 2, on temporary assistance.	342	2004-2005	X		
83.	Identify the reasons for the breakdown in financial controls that led to paying for temporary assistance in the absence of the required contract, and address them.	344	2004-2005	X		
84.	Provide senior managers with statistics regarding the timely submission of documents by their offices and divisions.	347	2004-2005	X		
85.	Propose to the Executive Board that it extend the scope of the guidelines for field visits to the President's travels.	349	2004-2005	X		
86.	Consult United Nations Headquarters on best practices regarding the recruitment as staff members of former representatives to the Executive Board.	353	2004-2005	X		
87.	Implement automated alerts and statistics on the use of information and communications technology resources.	357	2004-2005	X		

	Subject	*Paragraph reference*[a]	*First reported*	*Fully implemented*	*Under implementation*	*Not implemented*
88.	Implement vulnerability assessment of firewalls on a more regular basis, to be determined after considering United Nations and private sector best practices in this respect.	359	2004-2005	X		
89.	Implement logical security controls in order to strengthen the protection of computer facilities against fraud or misuse.	361	2004-2005	X		
90.	Strengthen remote access security, with due consideration of the inter-agency context.	363	2004-2005	X		
91.	Ensure proper segregation of duties in its information technology systems.	368	2004-2005	X		
92.	Review the policy on extended access in the production system.	370	2004-2005	X		
93.	Adopt and implement a methodology to determine the total costs, including staff costs, of its major information technology projects.	379	2004-2005	X		
94.	Improve the documentation of information and communications technology system selection by performing formal multi-vendor cost-benefit evaluations.	385	2004-2005	X		
95.	Improve the information technology quality assurance process to bring it fully into line with industry best practices.	387	2004-2005	X		
96.	Issue an instruction on the follow-up of external audit recommendations.	389	2004-2005	X		
	Total recommendations			**82**	**13**	**1**
	Percentage			**85**	**14**	**1**

[a] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5B* (A/61/5/Add.2), chap. II.

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations Children's Fund (UNICEF), comprising statements numbered I to VII and the supporting notes and annexes, for the biennium ended 31 December 2007. These financial statements are the responsibility of the Executive Director. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Executive Director, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of UNICEF as at 31 December 2007 and the results of its operations and its cash flows for the period then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of the United Nations Children's Fund that have come to our notice or which we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations and Rules of UNICEF and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations Children's Fund.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman of the United Nations Board of Auditors

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

30 June 2008

Chapter IV

Financial statements for the biennium ended 31 December 2007

Statement I

Income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2007

(Thousands of United States dollars)

		2006-2007				2004-2005
			Other resources			
		Regular resources	Supplementary funds	Emergency relief and rehabilitation	Total	Total
Income						
Voluntary contributions						
Governments	(schedule 1)	1 003 701	1 719 154	625 974	3 348 829	2 757 214
Less: transfer to biennial support budget	(note 3/schedule 1)	(29 086)			(29 086)	(24 177)
		974 615	1 719 154	625 974	3 319 743	2 733 037
Non-governmental/private sector sources	(schedule 1)	9 003	674 586	199 926	883 515	1 140 406
Funds received under inter-organizational arrangements	(schedule 1)		108 925	303 131	412 056	146 523
Private Sector Division	(note 4)	783 569			783 569	579 690
Other income						
Interest income		262 160			262 160	91 054
Miscellaneous income	(note 5)	78 867			78 867	59 882
Currency exchange adjustments		24 939			24 939	(35 319)
Total income		**2 133 153**	**2 502 665**	**1 129 031**	**5 764 849**	**4 715 273**
Expenditure						
Programme assistance		1 276 617	1 993 731	1 365 181	4 635 529	3 309 260
Programme support	(statement IV)	298 557			298 557	301 615
Total programme cooperation		1 575 174	1 993 731	1 365 181	4 934 086	3 610 875
Management and administration	(statement IV)	148 964			148 964	179 724
Security	(statement IV)	20 736			20 736	
Total expenditure		**1 744 874**	**1 993 731**	**1 365 181**	**5 103 786**	**3 790 599**
Excess (shortfall) of income over expenditure		388 279	508 934	(236 150)	661 063	924 674
Write-offs/prior periods' adjustments	(note 6)	2 231	12 045	7 314	21 590	12 466
Net excess (shortfall) of income over expenditure		**386 048**	**496 889**	**(243 464)**	**639 473**	**912 208**
Reserve balances, 1 January		89 081			89 081	59 014
Transfer to reserve for after-service health insurance	(note 7)	(90 000)			(90 000)	(30 000)
Transfer to reserve for separation fund	(note 7)	(10 000)			(10 000)	
Increase in reserves	(note 7)	108 439			108 439	30 067
Fund balances, 1 January		547 284	652 190	703 875	1 903 349	1 021 141
Reserves and fund balances, 31 December		**1 030 852**	**1 149 079**	**460 411**	**2 640 342**	**1 992 430**

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

Statement II

Assets, liabilities, reserves and fund balances as at 31 December 2007

(Thousands of United States dollars)

		2007	2005
Assets			
Cash and term deposits	(note 8)	2 229 829	2 194 511
Investments	(note 9)	445 000	
Accounts receivable			
Contributions receivable	(note 10/schedule 2)	251 288	187 049
Less: provision for uncollectible contributions	(note 11)	(5 000)	(5 000)
Net contributions receivable		246 288	182 049
Other accounts receivable	(note 12)	454 576	353 319
Inventories	(note 13)	46 079	25 542
Buildings	(note 14)	17 831	15 821
Total assets		**3 439 603**	**2 771 242**
Liabilities			
Contributions received in advance	(note 15)	40 500	18 058
Unliquidated obligations	(note 16)	273 724	283 727
Accounts payable	(note 17)	123 445	100 873
Trust funds	(note 18/schedule 3)	314 570	336 585
Medical insurance plan	(note 19)	47 022	39 569
Total liabilities		**799 261**	**778 812**
Reserves and fund balances			
Reserves			
For procurement services	(note 7)	2 000	2 000
For insurance	(note 7)	115	115
For capital assets	(note 7)	27 126	26 966
For after-service health insurance	(note 7)	150 000	60 000
For separation fund	(note 7)	18 279	
Total reserves		**197 520**	**89 081**
Fund balances			
Regular resources		833 332	547 284
Supplementary funds		1 149 079	652 190
Emergency relief and rehabilitation		460 411	703 875
Total fund balances		**2 442 822**	**1 903 349**
Total reserves and fund balances		**2 640 342**	**1 992 430**
Total liabilities, reserves and fund balances		**3 439 603**	**2 771 242**

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

Statement III
Cash flow for the biennium ended 31 December 2007

(Thousands of United States dollars)

	2007	2005
Cash flows from operating activities		
Net excess of income over expenditure	639 473	912 208
(Increase) decrease in contributions receivable	(64 239)	82 044
(Increase) in other accounts receivable	(101 257)	(8 421)
(Increase) decrease in other assets	(20 537)	2 977
Increase in contributions received in advance	22 442	15 308
Increase in accounts payable	30 025	28 737
Increase (decrease) in unliquidated obligations	(10 003)	155 836
Less: savings on or cancellation of prior-period obligations	(19 530)	(17 766)
Less: Interest income	(262 160)	(91 054)
Net cash from operating activities	**214 214**	**1 079 869**
Cash flow from investing activities		
(Increase) in investments	(445 000)	
(Increase) in buildings	(2 010)	(2 792)
Plus: interest income	262 160	91 054
Net cash from investing activities	**(184 850)**	**88 262**
Cash flow from financing activities		
Savings on or cancellation of prior-period obligations	19 530	17 766
Increase (decrease) in balances on trust funds	(22 015)	47 188
Transfer to reserve for after-service health insurance	90 000	30 000
Transfer to reserve for separation fund	10 000	
Transfer from regular resources	(100 000)	(30 000)
Increase in capital assets	160	67
Increase in separation fund	8 279	
Net cash from financing activities	**5 954**	**65 021**
Net increase in cash and term deposits	**35 318**	**1 233 152**
Cash and term deposits, 1 January	**2 194 511**	**961 359**
Cash and term deposits, 31 December	**2 229 829**	**2 194 511**

Statement IV
Statement of appropriations for the biennium 2006-2007 as at 31 December 2007
(Thousands of United States dollars)

	Appropriations				Expenditure[a]				Appropriations
	Original	Supplement	Transfers/ adjustment	Revised	Programme support	Management and administration	Security	Total	Unspent
Programme support									
Country and regional offices	390 257		2 217	392 474	364 749			364 749	27 725
Headquarters	114 365	1 000	1 699	117 064	111 859			111 859	5 205
Subtotal	**504 622**	**1 000**	**3 916**	**509 538**	**476 608**			**476 608**	**32 930**
Management and administration	242 172	9 600	(3 916)	247 856		241 617		241 617	6 239
Subtotal	**746 794**	**10 600**		**757 394**	**476 608**	**241 617**		**718 225**	**39 169**
Security	26 204			26 204			20 736	20 736	5 468
Total	**772 998**	**10 600**		**783 598**	**476 608**	**241 617**	**20 736**	**738 961**	**44 637**
[a] Expenditure					476 608	241 617	20 736	738 961	
Less: Recovery from packing and assembly activities					13 659			13 659	
Recovery from supplementary-funded projects					91 874	43 235		135 109	
Recovery from emergency relief and rehabilitation-funded projects					61 052	28 731		89 783	
Agency commissions from administration of non-procurement trust funds and Junior Professional Officers						3 067		3 067	
Government contribution towards local costs					462			462	
Transfer from income in respect of income tax reimbursement					11 004	17 620		28 624	
Subtotal					**178 051**	**92 653**		**270 704**	
Net expenditure (statement I)					**298 557**	**148 964**	**20 736**	**468 257**	

Statement V

Income/receipts, expenditure/disbursements and changes in reserves and fund balances (all financial resources) for the biennium ended 31 December 2007

(Thousands of United States dollars)

	2006-2007					2004-2005
		Other resources				
	Regular resources	Supplementary funds	Emergency relief and rehabilitation	Trust funds	Total	Total
Opening balances	547 284	652 190	703 875	331 892	2 235 241	1 289 515
Income/receipts	2 133 153	2 502 665	1 129 031	1 602 459	7 367 308	6 072 701
Funds available	2 680 437	3 154 855	1 832 906	1 934 351	9 602 549	7 362 216
Expenditure/disbursements	1 744 874	1 993 731	1 365 181	1 629 723	6 733 509	5 084 509
Write-offs/prior-period adjustments	2 231	12 045	7 314		21 590	12 466
Transfer to reserve for after-service health insurance	90 000				90 000	30 000
Transfer to reserve for separation fund	10 000				10 000	
Closing balances	**833 332**	**1 149 079**	**460 411**	**304 628**	**2 747 450**	**2 235 241**

Statement VI
Status of funding for approved programmes and appropriations as at 31 December 2007

(Thousands of United States dollars)

	Regular resources	Other resources		Total
		Supplementary funds	Emergency relief and rehabilitation	
Unspent balances of programmes as at 1 January 2006	1 100 526	928 222	721 983	2 750 731
Approved at Executive Board sessions				
New programmes/appropriations	2 257 649	2 581 092	1 116 855	5 955 596
Additional programmes	269 570			269 570
Write-off of uncollectible contributions		(12 045)	(7 314)	(19 359)
Unspent balances of expired programmes	(16 753)			(16 753)
Unspent balance of biennial support budget	(44 637)			(44 637)
Recoveries to the budget	(270 704)			(270 704)
Subtotal	**3 295 651**	**3 497 269**	**1 831 524**	**8 624 444**
Expenditure	1 744 874	1 993 731	1 365 181	5 103 786
Unspent balances of programmes as at 31 December 2007	**1 550 777**	**1 503 538**	**466 343**	**3 520 658**
Fund balances as at 31 December 2007	833 332	1 149 079	460 411	2 442 822
To be financed from future income	**717 445**	**354 459**	**5 932**	**1 077 836**

Statement VII
Statement of approved programmes and appropriations, expenditure and unspent balances for regular resources, supplementary funds and emergency relief and rehabilitation for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Approved programmes/ appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/ appropriations unspent balances as at 31 December 2007
Africa					
Angola	36 733	95 166	131 899	93 159	38 740
Benin	9 852	38 387	48 239	26 228	22 011
Botswana	3 029	6 129	9 158	5 313	3 845
Burkina Faso	39 301	21 960	61 261	30 440	30 821
Burundi	16 806	43 968	60 774	45 602	15 172
Cameroon	8 993	28 622	37 615	16 500	21 115
Cape Verde	4 047	284	4 331	1 481	2 850
Central African Republic	5 610	32 382	37 992	24 053	13 939
Chad	30 222	44 755	74 977	53 503	21 474
Comoros	3 309	6 648	9 957	4 549	5 408
Congo	7 183	11 352	18 535	13 577	4 958
Côte d'Ivoire	12 085	43 314	55 399	43 037	12 362
Democratic Republic of the Congo	64 879	404 936	469 815	238 367	231 448
Equatorial Guinea	1 852	5 246	7 098	2 559	4 539
Eritrea	9 380	43 272	52 652	35 588	17 064
Ethiopia	38 453	274 220	312 673	175 805	136 868
Gabon	828	6 607	7 435	4 335	3 100
Gambia	2 248	8 689	10 937	5 268	5 669
Ghana	23 434	60 483	83 917	48 704	35 213
Guinea	6 742	35 491	42 233	22 150	20 083
Guinea-Bissau	6 446	16 585	23 031	11 146	11 885
Kenya	30 729	58 172	88 901	61 248	27 653
Lesotho	4 417	31 495	35 912	11 608	24 304
Liberia	18 145	75 816	93 961	47 632	46 329
Madagascar	25 275	60 700	85 975	37 144	48 831
Malawi	23 386	89 939	113 325	58 976	54 349
Mali	14 728	96 684	111 412	37 711	73 701
Mauritania	6 301	11 719	18 020	12 307	5 713
Mauritius	28	(6)	22	(3)	25
Mozambique	20 743	117 535	138 278	67 910	70 368
Namibia	6 764	9 522	16 286	8 128	8 158
Niger	21 133	77 381	98 514	67 468	31 046
Nigeria	146 345	115 731	262 076	184 530	77 546
Rwanda	8 776	63 484	72 260	24 889	47 371
Sao Tome and Principe	953	4 274	5 227	2 093	3 134
Senegal	11 657	28 868	40 525	20 139	20 386
Sierra Leone	13 921	49 790	63 711	31 527	32 184
Somalia	40 252	126 452	166 704	109 315	57 389
South Africa	6 445	29 687	36 132	15 611	20 521
Swaziland	6 757	14 780	21 537	11 218	10 319
Togo	4 683	26 207	30 890	10 639	20 251
Uganda	60 414	100 002	160 416	114 392	46 024

Statement VII (continued)

	Approved programmes/ appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/ appropriations unspent balances as at 31 December 2007
United Republic of Tanzania	24 560	70 235	94 795	43 640	51 155
Zambia	11 724	34 646	46 370	25 387	20 983
Zimbabwe	14 551	85 315	99 866	49 642	50 224
Regional	6 613	4 959	11 572	3 350	8 222
Area total	**860 732**	**2 611 883**	**3 472 615**	**1 957 865**	**1 514 750**
Americas and Caribbean					
Argentina	3 846	6 458	10 304	6 226	4 078
Barbados	266		266		266
Belize	675	4 076	4 751	1 844	2 907
Bolivia	15 966	15 880	31 846	17 604	14 242
Brazil	5 823	33 169	38 992	26 665	12 327
Chile	1 017	2 641	3 658	2 356	1 302
Colombia	6 189	20 280	26 469	15 053	11 416
Costa Rica	801	3 842	4 643	1 232	3 411
Cuba	1 433	5 694	7 127	2 997	4 130
Dominican Republic	1 923	6 796	8 719	3 627	5 092
Ecuador	3 822	5 824	9 646	6 001	3 645
El Salvador	2 989	6 799	9 788	4 911	4 877
Guatemala	12 952	5 698	18 650	11 460	7 190
Guyana	4 845	2 627	7 472	3 288	4 184
Haiti	10 848	31 776	42 624	25 796	16 828
Honduras	2 579	9 402	11 981	5 161	6 820
Jamaica	1 659	7 339	8 998	3 594	5 404
Mexico	4 573	13 918	18 491	8 928	9 563
Nicaragua	6 099	16 393	22 492	11 339	11 153
Panama	750	2 850	3 600	1 555	2 045
Paraguay	1 097	6 016	7 113	3 520	3 593
Peru	5 801	9 691	15 492	7 717	7 775
Suriname	1 877		1 877		1 877
Uruguay	1 886	1 621	3 507	1 987	1 520
Venezuela (Bolivarian Republic of)	930	5 841	6 771	3 639	3 132
Regional	6 052	29 471	35 523	16 229	19 294
Area total	**106 698**	**254 102**	**360 800**	**192 729**	**168 071**
East Asia and Pacific					
Cambodia	43 817	43 889	87 706	43 729	43 977
China	69 430	24 887	94 317	45 074	49 243
Democratic People's Republic of Korea	4 872	28 924	33 796	23 502	10 294
Indonesia	279 789	132 301	412 090	219 031	193 059
Lao People's Democratic Republic	6 034	30 997	37 031	19 012	18 019
Malaysia	4 467	1 775	6 242	4 086	2 156
Mongolia	2 062	8 346	10 408	4 416	5 992
Myanmar	57 176	49 749	106 925	65 421	41 504
Pacific Island countries	7 323	40 588	47 911	15 985	31 926
Papua New Guinea	9 659	15 519	25 178	10 924	14 254

Statement VII (continued)

	Approved programmes/ appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/ appropriations unspent balances as at 31 December 2007
Philippines	34 985	14 837	49 822	30 327	19 495
Thailand	20 852	14 141	34 993	25 443	9 550
Timor-Leste	9 932	23 367	33 299	19 922	13 377
Viet Nam	29 973	17 735	47 708	25 910	21 798
Regional	4 163	366	4 529	2 636	1 893
Area total	**584 534**	**447 421**	**1 031 955**	**555 418**	**476 537**
South Asia					
Afghanistan	66 741	113 201	179 942	133 098	46 844
Bangladesh	126 083	95 274	221 357	84 185	137 172
Bhutan	2 284	10 858	13 142	5 032	8 110
India	148 241	275 005	423 246	218 060	205 186
Maldives	33 474	7 082	40 556	31 748	8 808
Nepal	14 672	59 903	74 575	39 157	35 418
Pakistan	92 978	193 346	286 324	195 401	90 923
Sri Lanka	127 704	40 712	168 416	102 804	65 612
Regional	3 270	(332)	2 938	2 272	666
Area total	**615 447**	**795 049**	**1 410 496**	**811 757**	**598 739**
Middle East and North Africa					
Algeria[a]	1 878	6 235	8 113	3 114	4 999
Djibouti	2 880	13 916	16 796	9 760	7 036
Egypt	9 862	26 299	36 161	17 224	18 937
Iran (Islamic Republic of)	16 179	4 544	20 723	13 843	6 880
Iraq	47 719	86 900	134 619	92 322	42 297
Jordan	2 161	9 925	12 086	2 954	9 132
Kuwait	30		30		30
Lebanon	1 064	39 507	40 571	27 443	13 128
Morocco	3 288	16 385	19 673	10 552	9 121
Oman	393	1 819	2 212	1 083	1 129
Palestinian children and mothers	20 203	50 568	70 771	46 208	24 563
Sudan	81 057	313 892	394 949	324 664	70 285
Syrian Arab Republic	1 961	18 967	20 928	3 807	17 121
Tunisia	1 114	4 097	5 211	2 023	3 188
Yemen	16 973	32 633	49 606	23 184	26 422
Regional	12 396	3 234	15 630	7 886	7 744
Area total	**219 158**	**628 921**	**848 079**	**586 067**	**262 012**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	8 692	4 194	12 886	7 217	5 669
Armenia[a]	3 750	2 738	6 488	4 458	2 030
Azerbaijan	5 734	2 142	7 876	5 057	2 819

Statement VII (continued)

	Approved programmes/ appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/ appropriations unspent balances as at 31 December 2007
Belarus	3 727	379	4 106	1 831	2 275
Bulgaria	2 980	771	3 751	1 821	1 930
Bosnia and Herzegovina	5 277	3 942	9 219	5 824	3 395
Croatia	866	2 232	3 098	1 877	1 221
Georgia	5 105	4 164	9 269	5 040	4 229
Kazakhstan	5 568	2 549	8 117	3 974	4 143
Kosovo (Serbia and Montenegro)	1 367	5 404	6 771	4 475	2 296
Kyrgyzstan	4 784	2 669	7 453	3 598	3 855
Moldova	7 447	7 711	15 158	9 343	5 815
Montenegro	—	2 687	2 687	1 097	1 590
Romania	4 606	5 428	10 034	5 940	4 094
Russian Federation	8 686	27 103	35 789	25 125	10 664
Serbia and Montenegro	6 500	3 865	10 365	4 641	5 724
Tajikistan	6 058	7 974	14 032	8 504	5 528
The former Yugoslav Republic of Macedonia	4 558	2 395	6 953	3 620	3 333
Turkey	14 704	6 459	21 163	12 623	8 540
Turkmenistan	3 819	2 298	6 117	4 234	1 883
Ukraine	5 322	12 010	17 332	11 184	6 148
Uzbekistan	8 123	8 083	16 206	12 941	3 265
Regional	8 479	(571)	7 908	(4)	7 912
Area total	**126 152**	**116 626**	**242 778**	**144 420**	**98 358**
Global assistance					
Avian influenza		16 126	16 126	10 266	5 860
Emergency Programme Fund	50 711	77 188	127 899	73 833	54 066
Immunization	5 840	1 729	7 569	4 252	3 317
Inter-country programmes	147 949	442 732	590 681	291 699	298 982
Innocenti Research Centre	7 910	7 682	15 592	7 223	8 369
Special Session on Children		(3)	(3)		(3)
Total global assistance	**212 410**	**545 454**	**757 864**	**387 273**	**370 591**
Total programme assistance	**2 725 131**	**5 399 456**	**8 124 587**	**4 635 529**	**3 489 058**
Biennial support budget					
Programme support	17 378	480 830	498 208	476 608	21 600
Management and administration	8 222	243 395	251 617	241 617	10 000
Security		20 736	20 736	20 736	
Recoveries to the budget		(270 704)	(270 704)	(270 704)	
Total biennial support budget	**25 600**	**474 257**	**499 857**	**468 257**	**31 600**
Total	**2 750 731**	**5 873 713**	**8 624 444**	**5 103 786**	**3 520 658**

[a] The unspent balances of approved programmes/appropriations for Algeria and Armenia have been restated as at 1 January 2006 to correct a typographical error in the balances recorded as at 31 December 2005 in the previously published statement.

Statement VII.1

Statement of approved programmes and appropriations, expenditure and unspent balances for regular resources for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Approved programmes/appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2007
Africa					
Angola	16 380	18 429	34 809	20 943	13 866
Benin	5 431	9 200	14 631	9 614	5 017
Botswana	1 626	1 892	3 518	2 169	1 349
Burkina Faso	34 710	2 671	37 381	18 339	19 042
Burundi	9 217	15 718	24 935	17 459	7 476
Cameroon	6 198	21 261	27 459	9 625	17 834
Cape Verde	3 568	(93)	3 475	1 155	2 320
Central African Republic	2 660	14 843	17 503	7 839	9 664
Chad	19 816	4 966	24 782	15 322	9 460
Comoros	1 322	4 236	5 558	1 835	3 723
Congo	3 204	2 180	5 384	3 467	1 917
Côte d'Ivoire	7 425	12 176	19 601	14 463	5 138
Democratic Republic of the Congo	44 781	214 684	259 465	68 397	191 068
Equatorial Guinea	744	4 466	5 210	1 611	3 599
Eritrea	2 399	10 415	12 814	5 055	7 759
Ethiopia	22 551	129 098	151 649	70 699	80 950
Gabon	653	3 225	3 878	1 291	2 587
Gambia	1 345	5 373	6 718	2 674	4 044
Ghana	18 847	2 933	21 780	11 828	9 952
Guinea	4 004	18 680	22 684	10 156	12 528
Guinea-Bissau	3 570	9 277	12 847	4 419	8 428
Kenya	16 769	8 867	25 636	15 115	10 521
Lesotho	1 748	6 506	8 254	3 095	5 159
Liberia	3 921	25 870	29 791	10 157	19 634
Madagascar	21 097	37 863	58 960	17 449	41 511
Malawi	6 413	42 641	49 054	18 747	30 307
Mali	8 360	75 988	84 348	24 025	60 323
Mauritania	3 531	2 798	6 329	4 256	2 073
Mauritius	25		25		25
Mozambique	9 291	25 580	34 871	21 930	12 941
Namibia	3 658	1 100	4 758	2 299	2 459
Niger	11 268	35 739	47 007	31 859	15 148
Nigeria	44 302	51 740	96 042	64 915	31 127

Statement VII.1 (continued)

	Approved programmes/appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2007
Rwanda	4 981	50 103	55 084	15 147	39 937
Sao Tome and Principe	635	3 672	4 307	1 552	2 755
Senegal	3 993	17 890	21 883	8 747	13 136
Sierra Leone	4 735	30 719	35 454	15 878	19 576
Somalia	11 968	23 259	35 227	17 984	17 243
South Africa	1 406	6 688	8 094	2 814	5 280
Swaziland	3 771	1 400	5 171	2 737	2 434
Togo	2 719	19 295	22 014	5 445	16 569
Uganda	43 134	3 459	46 593	27 206	19 387
United Republic of Tanzania	13 985	47 932	61 917	27 834	34 083
Zambia	5 304	23 960	29 264	15 757	13 507
Zimbabwe	2 414	14 165	16 579	7 164	9 415
Area total	**439 879**	**1 062 864**	**1 502 743**	**660 472**	**842 271**
Americas and Caribbean					
Argentina	2 043	(17)	2 026	1 220	806
Belize	652	3 080	3 732	1 248	2 484
Bolivia	2 225	7 464	9 689	3 161	6 528
Brazil	865	6 710	7 575	3 682	3 893
Chile	726	741	1 467	822	645
Colombia	1 753	4 983	6 736	2 292	4 444
Costa Rica	709	3 601	4 310	1 162	3 148
Cuba	781	3 792	4 573	1 309	3 264
Dominican Republic	1 045	3 800	4 845	1 852	2 993
Ecuador	2 365	212	2 577	1 788	789
El Salvador	834	3 480	4 314	1 489	2 825
Guatemala	4 914	(1 172)	3 742	2 072	1 670
Guyana	3 822	372	4 194	1 800	2 394
Haiti	3 185	8 168	11 353	7 848	3 505
Honduras	1 076	4 495	5 571	1 915	3 656
Jamaica	862	3 165	4 027	1 355	2 672
Mexico	1 159	4 243	5 402	1 616	3 786
Nicaragua	1 694	5 247	6 941	2 433	4 508
Panama	477	2 031	2 508	822	1 686
Paraguay	881	4 155	5 036	1 867	3 169
Peru	4 908	603	5 511	2 844	2 667
Uruguay	1 744	13	1 757	1 027	730

Statement VII.1 (continued)

	Approved programmes/appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2007
Venezuela (Bolivarian Republic of)	670	1 885	2 555	1 925	630
Regional	3 207	14 855	18 062	5 105	12 957
Area total	**42 597**	**85 906**	**128 503**	**52 654**	**75 849**
East Asia and Pacific					
Cambodia	23 661	394	24 055	11 710	12 345
China	61 595	257	61 852	24 475	37 377
Democratic People's Republic of Korea	1 916	4 278	6 194	3 427	2 767
Indonesia	28 880	319	29 199	13 151	16 048
Lao People's Democratic Republic	2 023	9 949	11 972	4 578	7 394
Malaysia	1 263	1 327	2 590	1 070	1 520
Mongolia	926	5 120	6 046	2 078	3 968
Myanmar	42 631	1 130	43 761	24 206	19 555
Pacific Island Countries	4 130	32 238	36 368	8 711	27 657
Papua New Guinea	2 296	8 985	11 281	4 030	7 251
Philippines	10 135	220	10 355	5 896	4 459
Thailand	1 944	5 217	7 161	2 880	4 281
Timor-Leste	1 654	2 660	4 314	3 615	699
Viet Nam	20 628	192	20 820	8 243	12 577
Area total	**203 682**	**72 286**	**275 968**	**118 070**	**157 898**
South Asia					
Afghanistan	42 812	29 124	71 936	44 852	27 084
Bangladesh	68 899	(8 078)	60 821	26 421	34 400
Bhutan	1 012	5 796	6 808	1 937	4 871
India	66 240	169 930	236 170	72 688	163 482
Maldives	1 327	2 501	3 828	1 607	2 221
Nepal	6 252	28 211	34 463	14 025	20 438
Pakistan	37 201	8 114	45 315	30 197	15 118
Sri Lanka	1 029	4 800	5 829	1 705	4 124
Area total	**224 772**	**240 398**	**465 170**	**193 432**	**271 738**
Middle East and North Africa					
Algeria	1 359	5 410	6 769	2 117	4 652
Djibouti	1 302	5 495	6 797	2 795	4 002

Statement VII.1 (continued)

	Approved programmes/appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2007
Egypt	2 892	14 155	17 047	6 232	10 815
Iran (Islamic Republic of)	7 036	(578)	6 458	4 276	2 182
Iraq	3 743	8 119	11 862	4 703	7 159
Jordan	1 440	3 500	4 940	1 558	3 382
Lebanon	728	2 273	3 001	2 309	692
Morocco	1 849	6 859	8 708	2 968	5 740
Oman	141	150	291	140	151
Palestinian children and mothers	4 836	12 248	17 084	9 133	7 951
Sudan	8 743	21 826	30 569	22 016	8 553
Syrian Arab Republic	1 550	5 305	6 855	2 679	4 176
Tunisia	999	3 459	4 458	1 611	2 847
Yemen	5 214	24 371	29 585	10 814	18 771
Regional	205	129	334	130	204
Area total	**42 037**	**112 721**	**154 758**	**73 481**	**81 277**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	3 916	(161)	3 755	1 787	1 968
Armenia	2 722	(6)	2 716	1 510	1 206
Azerbaijan	4 225	86	4 311	2 831	1 480
Belarus	3 479	(148)	3 331	1 330	2 001
Bosnia and Herzegovina	2 373	400	2 773	1 882	891
Bulgaria	2 464		2 464	1 234	1 230
Croatia	10	698	708	580	128
Georgia	3 547	61	3 608	1 689	1 919
Kazakhstan	3 924	79	4 003	2 197	1 806
Kosovo (Serbia and Montenegro)	820	1 877	2 697	1 483	1 214
Kyrgyzstan	4 689	52	4 741	2 269	2 472
Moldova	828	3 595	4 423	1 399	3 024
Montenegro		1 853	1 853	588	1 265
Romania	3 174		3 174	1 711	1 463
Russian Federation	4 811	(1)	4 810	1 860	2 950
Tajikistan	4 650	3 129	7 779	5 374	2 405
The former Yugoslav Republic of Macedonia	2 589	133	2 722	1 274	1 448
Turkey	5 425	1 020	6 445	2 909	3 536
Turkmenistan	3 840	447	4 287	2 624	1 663
Ukraine	5 241	431	5 672	2 560	3 112
Uzbekistan	7 455	440	7 895	5 247	2 648
Serbia and Montenegro	2 639	769	3 408	1 538	1 870

Statement VII.1 (concluded)

	Approved programmes/appropriations unspent balances as at 1 January 2006	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2007
Regional	2 246	(239)	2 007		2 007
Area total	**75 067**	**14 515**	**89 582**	**45 876**	**43 706**
Global assistance					
Emergency Programme Fund	18 674	76 050	94 724	70 849	23 875
Immunization	737		737		737
Intercountry programmes	27 481	56 128	83 609	61 783	21 826
Total global assistance	**46 892**	**132 178**	**179 070**	**132 632**	**46 438**
Total programme assistance	**1 074 926**	**1 720 868**	**2 795 794**	**1 276 617**	**1 519 177**
Biennial support budget					
Programme support	17 378	480 830	498 208	476 608	21 600
Management and administration	8 222	243 395	251 617	241 617	10 000
Security		20 736	20 736	20 736	
Recoveries to the budget		-270 704	-270 704	-270 704	
Total biennial support budget	**25 600**	**474 257**	**499 857**	**468 257**	**31 600**
Total	**1 100 526**	**2 195 125**	**3 295 651**	**1 744 874**	**1 550 777**

Statement VII.2

Statement of approved programmes, expenditure and unspent balances for supplementary funds for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Africa					
Angola	17 024	71 026	88 050	63 831	24 219
Benin	3 498	27 453	30 951	14 906	16 045
Botswana	1 454	4 137	5 591	3 095	2 496
Burkina Faso	4 653	12 957	17 610	8 866	8 744
Burundi	5 110	7 602	12 712	8 172	4 540
Cameroon	2 738	7 361	10 099	6 818	3 281
Cape Verde	479	377	856	326	530
Central African Republic	2 071	6 994	9 065	6 813	2 252
Chad	4 189	10 236	14 425	10 527	3 898
Comoros	1 871	1 714	3 585	1 925	1 660
Congo	2 547	6 722	9 269	7 830	1 439
Côte d'Ivoire	3 263	20 143	23 406	17 901	5 505
Democratic Republic of the Congo	16 741	66 735	83 476	60 796	22 680
Equatorial Guinea	1 108	780	1 888	948	940
Eritrea	4 324	9 702	14 026	9 262	4 764
Ethiopia	11 809	110 726	122 535	73 035	49 500
Gabon	175	3 382	3 557	3 044	513
Gambia	798	3 207	4 005	2 467	1 538
Ghana	4 560	56 054	60 614	36 011	24 603
Guinea	2 848	10 984	13 832	7 307	6 525
Guinea-Bissau	2 207	6 350	8 557	5 319	3 238
Kenya	13 370	32 243	45 613	31 125	14 488
Lesotho	2 567	22 373	24 940	7 424	17 516
Liberia	4 453	25 626	30 079	11 092	18 987
Madagascar	4 002	16 605	20 607	13 891	6 716
Malawi	8 066	45 745	53 811	30 014	23 797
Mali	5 747	18 070	23 817	11 516	12 301
Mauritania	2 456	5 560	8 016	5 290	2 726
Mauritius	3	(6)	(3)	(3)	
Mozambique	10 392	85 362	95 754	38 552	57 202
Namibia	2 750	8 647	11 397	5 710	5 687
Niger	6 805	27 517	34 322	23 165	11 157
Nigeria	102 043	63 991	166 034	119 615	46 419

Statement VII.2 (continued)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Rwanda	4 161	13 650	17 811	9 674	8 137
Sao Tome and Principe	2	597	599	226	373
Senegal	7 097	10 738	17 835	11 237	6 598
Sierra Leone	8 568	18 884	27 452	15 383	12 069
Somalia	17 969	39 555	57 524	27 600	29 924
South Africa	5 039	22 999	28 038	12 797	15 241
Swaziland	2 814	12 140	14 954	8 193	6 761
Togo	1 964	3 166	5 130	3 204	1 926
Uganda	4 912	28 710	33 622	15 980	17 642
United Republic of Tanzania	9 614	19 261	28 875	12 143	16 732
Zambia	6 317	10 075	16 392	8 783	7 609
Zimbabwe	7 362	57 663	65 025	30 679	34 346
Regional	588	1 480	2 068		2 068
Area total	**332 528**	**1 035 293**	**1 367 821**	**802 489**	**565 332**
Americas and Caribbean					
Argentina	1 817	6 475	8 292	5 006	3 286
Barbados	54		54		54
Belize	23	996	1 019	596	423
Bolivia	13 740	6 768	20 508	13 021	7 487
Brazil	4 958	26 459	31 417	22 983	8 434
Chile	291	1 900	2 191	1 534	657
Colombia	2 706	14 269	16 975	10 831	6 144
Costa Rica	92	243	335	70	265
Cuba	651	1 902	2 553	1 693	860
Dominican Republic	877	1 779	2 656	1 053	1 603
Ecuador	1 435	5 634	7 069	4 213	2 856
El Salvador	609	3 278	3 887	1 556	2 331
Guatemala	4 597	6 683	11 280	6 195	5 085
Guyana	1 018	2 259	3 277	1 487	1 790
Haiti	6 000	18 105	24 105	13 464	10 641
Honduras	1 548	4 652	6 200	3 065	3 135
Jamaica	735	3 823	4 558	2 010	2 548
Mexico	2 545	7 565	10 110	5 981	4 129
Nicaragua	4 363	8 797	13 160	7 700	5 460
Panama	273	819	1 092	733	359
Paraguay	216	1 861	2 077	1 653	424
Peru	887	6 176	7 063	3 446	3 617
Suriname	1 877		1 877		1 877
Uruguay	142	1 608	1 750	960	790

Statement VII.2 (continued)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2006
Venezuela (Bolivarian Republic of)	244	3 968	4 212	1 712	2 500
Regional	2 173	14 223	16 396	10 606	5 790
Area total	**53 871**	**150 242**	**204 113**	**121 568**	**82 545**
East Asia and Pacific					
Cambodia	20 196	43 495	63 691	32 059	31 632
China	7 838	24 280	32 118	20 354	11 764
Democratic People's Republic of Korea	1 084	4 205	5 289	3 091	2 198
Indonesia	36 782	78 510	115 292	63 324	51 968
Lao People's Democratic Republic	4 011	21 048	25 059	14 434	10 625
Malaysia	185	462	647	338	309
Mongolia	1 122	3 226	4 348	2 338	2 010
Myanmar	7 961	43 138	51 099	32 374	18 725
Pacific Island countries	3 193	7 161	10 354	6 508	3 846
Papua New Guinea	7 363	6 534	13 897	6 894	7 003
Philippines	24 849	10 587	35 436	20 776	14 660
Thailand	3 039	8 934	11 973	9 858	2 115
Timor-Leste	7 963	13 796	21 759	10 709	11 050
Viet Nam	9 208	17 543	26 751	17 573	9 178
Regional		619	619		619
Area total	**134 794**	**287 538**	**418 332**	**240 630**	**177 702**
South Asia					
Afghanistan	18 870	69 358	88 228	70 846	17 382
Bangladesh	54 480	88 056	142 536	50 650	91 886
Bhutan	1 272	5 062	6 334	3 095	3 239
India	64 451	100 946	165 397	125 610	39 787
Maldives	453	689	1 142	240	902
Nepal	8 420	22 112	30 532	19 850	10 682
Pakistan	9 449	80 249	89 698	51 091	38 607
Sri Lanka	5 852	14 076	19 928	10 361	9 567
Area total	**163 247**	**380 548**	**543 795**	**331 743**	**212 052**
Middle East and North Africa					
Algeria	504	493	997	760	237
Djibouti	1 541	5 383	6 924	4 269	2 655
Egypt	6 970	12 124	19 094	10 992	8 102

Statement VII.2 (continued)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Iran (Islamic Republic of)	1 726	5 486	7 212	2 336	4 876
Iraq	36 803	76 373	113 176	76 084	37 092
Jordan	742	2 530	3 272	1 265	2 007
Lebanon	345	2 328	2 673	603	2 070
Morocco	1 367	9 530	10 897	7 517	3 380
Oman	252	1 669	1 921	943	978
Palestinian children and mothers	3 369	9 320	12 689	8 526	4 163
Sudan	7 337	67 513	74 850	43 716	31 134
Syrian Arab Republic	477	1 077	1 554	328	1 226
Tunisia	115	638	753	412	341
Yemen	11 013	7 756	18 769	11 207	7 562
Regional	1 247	53	3 610	1 766	1 844
Area total	**73 808**	**204 583**	**278 391**	**170 724**	**107 667**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	4 569	4 510	9 079	5 430	3 649
Armenia	1 028	2 744	3 772	2 948	824
Azerbaijan	1 509	2 056	3 565	2 226	1 339
Belarus	246	529	775	501	274
Bosnia and Herzegovina	2 168	3 688	5 856	3 942	1 914
Bulgaria	516	771	1 287	587	700
Croatia	635	1 536	2 171	1 297	874
Georgia	1 273	4 128	5 401	3 121	2 280
Kazakhstan	1 644	2 470	4 114	1 777	2 337
Kosovo (Serbia and Montenegro)	1 608	3 597	5 205	2 704	2 501
Kyrgyzstan	95	2 617	2 712	1 329	1 383
Moldova	6 619	4 116	10 735	7 944	2 791
Montenegro		834	834	509	325
Romania	1 426	5 428	6 854	4 229	2 625
Russian Federation	2 917	19 293	22 210	13 437	8 773
Serbia and Montenegro	3 458	3 280	6 738	3 765	2 973
Tajikistan	1 299	4 580	5 879	2 811	3 068
The former Yugoslav Republic of Macedonia	1 927	2 276	4 203	2 346	1 857
Turkey	9 249	5 521	14 770	9 714	5 056
Turkmenistan	(21)	1 851	1 830	1 610	220
Ukraine	66	11 593	11 659	8 624	3 035

Statement VII.2 (concluded)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Uzbekistan	668	7 643	8 311	7 694	617
Regional	3 074	-139	2 935	-3	2 938
Area total	**45 973**	**94 922**	**140 895**	**88 542**	**52 353**
Global assistance					
Avian influenza		16 126	16 126	10 266	5 860
Emergency Programme Fund	9 289	610	9 899	1 229	8 670
Immunization	5 103	1 729	6 832	4 252	2 580
Intercountry programmes	101 699	393 777	495 476	215 065	280 411
Innocenti Research Centre	7 910	7 682	15 592	7 223	8 369
Special session on children		(3)	(3)		(3)
Total global assistance	**124 001**	**419 921**	**543 922**	**238 035**	**305 887**
Total programme assistance	**928 222**	**2 569 047**	**3 497 269**	**1 993 731**	**1 503 538**

Statement VII.3

Statement of approved programmes, expenditure and unspent balances for emergency relief and rehabilitation for the biennium ended 31 December 2007

(Thousands of United States dollars)

Africa	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Angola	3 329	5 711	9 040	8 385	655
Benin	923	1 734	2 657	1 708	949
Botswana	(51)	100	49	49	
Burkina Faso	(62)	6 332	6 270	3 235	3 035
Burundi	2 479	20 648	23 127	19 971	3 156
Cameroon	57		57	57	
Central African Republic	879	10 545	11 424	9 401	2 023
Chad	6 217	29 553	35 770	27 654	8 116
Comoros	116	698	814	789	25
Congo	1 432	2 450	3 882	2 280	1 602
Côte d'Ivoire	1 397	10 995	12 392	10 673	1 719
Democratic Republic of the Congo	3 357	123 517	126 874	109 174	17 700
Eritrea	2 657	23 155	25 812	21 271	4 541
Ethiopia	4 093	34 396	38 489	32 071	6 418
Gambia	105	109	214	127	87
Ghana	27	1 496	1 523	865	658
Guinea	9	5 827	5 836	4 687	1 149
Guinea-Bissau	550	958	1 508	1 408	100
Kenya	590	17 062	17 652	15 008	2 644
Lesotho	102	2 616	2 718	1 089	1 629
Liberia	9 771	24 320	34 091	26 383	7 708
Madagascar	176	6 232	6 408	5 804	604
Malawi	8 907	1 553	10 460	10 215	245
Mali	621	2 626	3 247	2 170	1 077
Mauritania	314	3 361	3 675	2 761	914
Mozambique	1 060	6 593	7 653	7 428	225
Namibia	356	(225)	131	119	12
Niger	3 060	14 125	17 185	12 444	4 741
Rwanda	(366)	(269)	(635)	68	(703)
Sao Tome and Principe	316	5	321	315	6
Senegal	567	240	807	155	652
Sierra Leone	618	187	805	266	539
Somalia	10 315	63 638	73 953	63 731	10 222
Swaziland	172	1 240	1 412	288	1 124
Togo		3 746	3 746	1 990	1 756

Statement VII.3 (continued)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total Programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Uganda	12 368	67 833	80 201	71 206	8 995
United Republic of Tanzania	961	3 042	4 003	3 663	340
Zambia	103	611	714	847	(133)
Zimbabwe	4 775	13 487	18 262	11 799	6 463
Regional	6 025	3 479	9 504	3 350	6 154
Area total	**88 325**	**513 726**	**602 051**	**494 904**	**107 147**
Americas and Caribbean					
Argentina	(14)		(14)		(14)
Barbados	212		212		212
Bolivia	1	1 648	1 649	1 422	227
Colombia	1 730	1 028	2 758	1 930	828
Costa Rica		(2)	(2)		(2)
Cuba	1		1	(5)	6
Dominican Republic	1	1 217	1 218	722	496
Ecuador	22	(22)			
El Salvador	1 546	41	1 587	1 866	(279)
Guatemala	3 441	187	3 628	3 193	435
Guyana	5	(4)	1	1	
Haiti	1 663	5 503	7 166	4 484	2 682
Honduras	(45)	255	210	181	29
Jamaica	62	351	413	229	184
Mexico	869	2 110	2 979	1 331	1 648
Nicaragua	42	2 349	2 391	1 206	1 185
Peru	6	2 912	2 918	1 427	1 491
Venezuela (Bolivarian Republic of)	16	(12)	4	2	2
Regional	672	393	1 065	518	547
Area total	**10 230**	**17 954**	**28 184**	**18 507**	**9 677**
East Asia and Pacific					
Cambodia	(40)		(40)	(40)	
China	(3)	350	347	245	102
Democratic People's Republic of Korea	1 872	20 441	22 313	16 984	5 329
Indonesia	214 127	53 472	267 599	142 556	125 043
Malaysia	3 019	(14)	3 005	2 678	327
Mongolia	14		14		14
Myanmar	6 584	5 481	12 065	8 841	3 224

Statement VII.3 (continued)

	Approved programmes unspent balances as at 1 January 2006	New programmes and cancellations	Total Programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Pacific island countries		1 189	1 189	766	423
Philippines	1	4 030	4 031	3 655	376
Thailand	15 869	(10)	15 859	12 705	3 154
Timor-Leste	315	6 911	7 226	5 598	1 628
Viet Nam	137		137	94	43
Regional	4 163	(253)	3 910	2 636	1 274
Area total	**246 058**	**91 597**	**337 655**	**196 718**	**140 937**
South Asia					
Afghanistan	5 059	14 719	19 778	17 400	2 378
Bangladesh	2 704	15 296	18 000	7 114	10 886
India	17 550	4 129	21 679	19 762	1 917
Maldives	31 694	3 892	35 586	29 901	5 685
Nepal		9 580	9 580	5 282	4 298
Pakistan	46 328	104 983	151 311	114 113	37 198
Sri Lanka	120 823	21 836	142 659	90 738	51 921
Regional	3 270	(332)	2 938	2 272	666
Area total	**227 428**	**174 103**	**401 531**	**286 582**	**114 949**
Middle East and North Africa					
Algeria	15	332	347	237	110
Djibouti	37	3 038	3 075	2 696	379
Egypt		20	20		20
Iran (Islamic Republic of)	7 417	(364)	7 053	7 231	(178)
Iraq	7 173	2 408	9 581	11 535	(1 954)
Jordan	(21)	3 895	3 874	131	3 743
Kuwait	30		30		30
Lebanon	(9)	34 906	34 897	24 531	10 366
Morocco	72	(4)	68	67	1
Palestinian children and women	11 998	29 000	40 998	28 549	12 449
Sudan	64 977	224 553	289 530	258 932	30 598
Syrian Arab Republic	(66)	12 585	12 519	800	11 719
Yemen	746	506	1 252	1 163	89
Regional	10 944	742	11 686	5 990	5 696
Area total	**103 313**	**311 617**	**414 930**	**341 862**	**73 068**

Statement VII.3 (concluded)

	Approved programmes unspent balances as at 1 January 2006	New Programmes and cancellations	Total Programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2007
Central and Eastern Europe and Commonwealth of Independent States					
Albania	207	(155)	52		52
Belarus	2	(2)			
Bosnia and Herzegovina	736	(146)	590		590
Croatia	221	(2)	219		219
Georgia	285	(25)	260	230	30
Kosovo (Serbia and Montenegro)	(1 061)	(70)	(1 131)	288	(1 419)
Romania	6		6		6
Russian Federation	958	7 811	8 769	9 828	(1 059)
Serbia and Montenegro	403	(184)	219	(662)	881
Tajikistan	109	265	374	319	55
The former Yugoslav Republic of Macedonia	42	(14)	28		28
Turkey	30	(82)	(52)		(52)
Ukraine	15	(14)	1		1
Regional	3 159	(193)	2 966	(1)	2 967
Area total	**5 112**	**7 189**	**12 301**	**10 002**	**2 299**
Global assistance					
Emergency programme fund	22 748	528	23 276	1 755	21 521
Intercountry programmes	18 769	(7 173)	11 596	14 851	(3 255)
Total global assistance	**41 517**	**(6 645)**	**34 872**	**16 606**	**18 266**
Total programme assistance	**721 983**	**1 109 541**	**1 831 524**	**1 365 181**	**466 343**

Schedule 1
Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Countries											
Afghanistan					600		600				600
Albania	1			1		31	31				32
Algeria	48			48		46	46				94
Andorra	38			38	501	1 638	2 139	61	102	163	2 340
Angola					10		10				10
Argentina						6 737	6 737				6 737
Armenia	5			5		64	64				69
Australia	12 568			12 568	48 330	6 861	55 191	31 810	1 838	33 648	101 407
Austria	3 320			3 320	3 954	925	4 879	1 454	650	2 104	10 303
Azerbaijan	19			19	329		329				348
Bahrain								1 000		1 000	1 000
Bangladesh	69			69		26	26		5	5	100
Barbados	8			8							8
Belarus	10			10							
Belgium	7 628			7 628	12 131	4 542	16 673	8 489	3 554	12 043	36 344
Belize	112			112							112
Bhutan	29			29							29
Bolivia	125			125	225	140	365		381	381	871
Botswana						243	243				243
Brazil					585	14 255	14 840		13	13	14 853
Brunei Darussalam	40			40							40
Bulgaria	7			7		4	4				11
Burkina Faso	11			11					9	9	20
Burundi	1			1							1
Cameroon						148	148				148
Canada	27 790			27 790	165 817	8 002	173 819	35 761	5 372	41 133	242 742
Chile	154		(14)	140	84	1 246	1 330		5	5	1 475
China	2 433			2 433		3 458	3 458		5	5	5 896
Colombia	832			832	364	4 175	4 539				5 371
Costa Rica	42		(42)	0							
Côte D'Ivoire						120	120				120
Croatia	51			51		1 582	1 582				1 633
Cuba	20			20							20
Cyprus	23			23							23
Czech Republic	371			371	100	1 194	1 294	256		256	1 921

(continued)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Denmark	63 341			63 341	19 475	4 278	23 753	20 308	1 570	21 877	108 971
Djibouti	1			1	414		414				415
Dominican Republic						21	21				21
Ecuador						2 028	2 028				2 028
Egypt						646	646		11	11	657
Estonia	64			64	17		17	49	18	67	148
Ethiopia	100			100							100
Fiji					65		65				65
Finland	35 660			35 660	6 676	5 098	11 774	8 706	985	9 691	57 125
France	34 610			34 610	3 349	29 146	32 495	3 681	11 602	15 283	82 388
Gabon					204	815	1 019				1 019
Georgia	4			4							4
Germany	11 720			11 720	6 501	63 814	70 315	3 032	61 015	64 048	146 083
Ghana	20			20							20
Greece	700			700	152	81	233		1 911	1 911	2 844
Grenada	2			2							2
Guinea					550		550				550
Guinea-Bissau					50		50				50
Guyana	32			32							32
Honduras	63			63	200		200				263
Hong Kong, China						5 261	5 261		3 248	3 248	8 509
Hungary	152			152		700	700		27	27	879
Iceland	1 033			1 033	693	4 107	4 800	322		322	6 155
India	1 783			1 783	4 829	2 179	7 008		6	6	8 797
Indonesia	200			200	1 224	1 771	2 995		926	926	4 121
Iran (Islamic Republic of)	54			54		429	429		4	4	487
Ireland	32 226			32 226	6 205	2 046	8 251	25 102	800	25 902	66 379
Israel	120			120					10	10	130
Italy	16 129			16 129	26 237	23 097	49 334	10 806	15 628	26 434	91 897
Jamaica	81		(81)	0							
Japan	37 191			37 191	175 302	23 579	198 881	50 077	11 370	61 447	297 519
Kazakhstan	70			70							70
Kenya						903	903				903
Kuwait	1 200			1 200							1 200
Lao People's Democratic Republic	5			5							5

(continued)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Latvia					21		21		23	23	44
Lebanon	5			5		266	266		30	30	301
Liechtenstein	32			32	125		125	85		85	242
Lithuania					98	24	122		21	21	143
Luxembourg	3 276			3 276	14 663	1 915	16 578	1 401	152	1 553	21 407
Madagascar	1			1	591	19	610				611
Malaysia	168			168		154	154		6	6	328
Mali	18			18							18
Mauritius	10			10							10
Mexico	428			428		7 195	7 195		1 053	1 053	8 676
Moldova	7			7	287		287				294
Monaco	40			40	71		71	44		44	155
Mongolia	22			22	509	10	519				541
Morocco	168			168	366	87	453				621
Mozambique	4			4							4
Myanmar	4		(3)	1							1
Namibia	2			2		1	1				3
Nepal	15			15							15
Netherlands	74 632			74 632	169 698	25 559	195 257	61 649	10 537	72 186	342 075
New Zealand	6 112			6 112	3 207	1 525	4 732	1 840	283	2 123	12 967
Nicaragua	6			6		3	3				9
Niger					60		60				60
Nigeria						801	801				801
Norway	106 800			106 800	229 959	3 958	233 917	39 407	100	39 507	380 224
Oman					1 550	102	1 652		19	19	1 671
Pakistan	200		(134)	66		20	20		27	27	113
Panama	54			54	300	316	616		1	1	671
Paraguay						9	9				9
Peru						401	401		15	15	416
Philippines	112		(43)	69		1 756	1 756		8	8	1 833
Poland	300			300		1 367	1 367		69	69	1 736
Portugal	367			367	118	3 185	3 303	359	1 652	2 011	5 681
Qatar	150			150			0	500		500	650

(Continued)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Republic of Korea	5 000		-	5 000	570	5 062	5 632	6 729	900	7 629	18 261
Romania	181			181		1 987	1 987				2 168
Russian Federation	2 000			2 000		941	941		38	38	2 979
Samoa	1			1							1
San Marino					15	101	116				116
Saudi Arabia	1 000			1 000	500	1 187	1 687	475	3 715	4 190	6 877
Senegal					96		96				96
Serbia						327	327				327
Sierra Leone					802		802				802
Singapore	100			100			0	50		50	150
Slovak Republic	25			25		283	283				308
Slovenia	56			56		755	755	53	672	725	1 536
South Africa	32			32		173	173	510		510	715
Spain	24 524			24 524	77 748	21 113	98 861	28 602	7 134	35 736	159 121
Sri Lanka	46			46						0	46
Sweden	125 439			125 439	120 315	18 680	138 995	67 034	4 375	71 409	335 843
Switzerland	29 154			29 154	4 897	10 988	15 885	2 186	2 393	4 579	49 618
Syrian Arab Republic				-		8	8				8
Thailand	408		(123)	285		5 801	5 801		6	6	6 092
The former Yugoslav Republic of Macedonia	6			6							6
Trinidad and Tobago	21			21							21
Tunisia	85		(21)	64		15	15				79
Turkey	260			260		1 638	1 638	100	139	239	2 137
Turkmenistan	2			2							2
Ukraine						5	5				5
United Arab Emirates	200			200	5 520		5 520		134	134	5 854
United Kingdom of Great Britain and Northern Ireland	77 888			77 888	252 290	45 585	297 875	50 659	13 386	64 045	439 808
United States of America	251 460		(28 625)	222 835	182 262	75 577	257 839	104 081	30 738	134 819	615 493
Uruguay						811	811				811
Uzbekistan	1			1							1
Venezuela (Bolivarian Republic of)	144			144		1 483	1 483				1 627
Viet Nam	27			27							27
Yemen	20			20							20
Subtotal countries	**1 003 329**		(29 086)	**974 243**	**1 551 811**	**466 629**	**2 018 440**	**566 678**	**198 691**	**765 369**	**3 758 052**
Income adjustments to prior periods	372	8 136		8 508	(7 900)	(16 751)	(24 651)	(3 819)	(910)	(4 729)	(10 872)
Refund of Contributions					(5 435)	(287)	(5 722)	(6 540)		(6 540)	(12 262)
Total countries	**1 003 701**	**8 136**	(29 086)	**982 751**	**1 538 476**	**459 591**	**1 998 067**	**556 319**	**197 781**	**754 100**	**3 734 918**

(continued)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Intergovernmental agencies											
African Development Bank								500		500	500
Arab Gulf Programme for United Nations Development Organizations					390		390	350		350	740
Council of Europe Development Bank					90		90				90
European Commission					154 473		154 473	8 927		8 927	163 400
European Commission Humanitarian Aid Office					16 828		16 828	60 407		60 407	77 235
OPEC Fund					5 300		5 300				5 300
Organization for Security and Cooperation in Europe					13		13				13
Subtotal intergovernmental agencies					**177 094**		**177 094**	**70 184**		**70 184**	**247 278**
Income adjustments to prior periods					4 839		4 839	911		911	5 750
Refund of contributions					(1 255)		(1 255)	-1 440		-1 440	-2 695
Total intergovernmental agencies					180 678		180 678	69 655		69 655	250 333
Total Governments and intergovernmental agencies	1 003 701	8 136	(29 086)	982 751	1 719 154	459 591	2 178 745	625 974	197 781	823 755	3 985 251
Non-governmental organizations											
Bahamas						1 744	1 744				1 744
Bangladesh		2		2							2
Barbados		1		1							1
Belarus		1		1							1
Canada						22 000	22 000				22 000
Cayman Islands		9		9							9
Costa Rica		1		1							1
Ethiopia		3		3							3
France						148	148				148
Global Alliance for Vaccines and Immunization						49 215	49 215				49 215
Germany						15	15		22	22	37

(continued)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources						
					Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Hong Kong, China									125	125	125
Jamaica		2		2							2
Japan		798		798		1 061	1 061				1 859
NetAID Foundation									1	1	1
Netherlands						220	220				220
Pakistan											
Red Cross and Red Crescent Societies						127	127				127
Romania						64	64				64
Rotary International						11 818	11 818				11 818
South Africa		1		1							1
Switzerland		8		8		25 635	25 635				25 643
Thailand		19		19							19
Tunisia		22		22							22
United Arab Emirates						255	255		1 002	1 002	1 257
United States of America						105 396	105 396		1 070	1 070	106 466
Subtotal non-governmental organizations		**867**		**867**		**217 698**	**217 698**		**2 220**	**2 220**	**220 785**
Income adjustments to prior periods						(201)	(201)		(75)	(75)	(276)
Refund of contributions						(2 502)	(2 502)				(2 502)
Total non-governmental organizations		**867**		**867**		**214 995**	**214 995**		**2 145**	**2 145**	**218 007**
Total Governments, intergovernmental and non-governmental agencies	**1 003 701**	**9 003**	(29 086)	**983 618**	**1 719 154**	**674 586**	**2 393 740**	**625 974**	**199 926**	**825 900**	**4 203 258**
Inter-organizational arrangements											
Food and Agriculture Organization of the United Nations						35	35				35
Joint United Nations Programme on HIV/AIDS						15 400	15 400		38	38	15 438
Department of Peacekeeping Operations						80	80				80
United Nations Trust Fund for Human Security						3 249	3 249		2 014	2 014	5 263
United Nations Development Group						60 981	60 981				60 981

(concluded)

Contributions received or pledged for the biennium ended 31 December 2007
(Thousands of United States dollars)

Donor	Regular resources				Other resources: Supplementary funds			Other resources: Emergency relief and rehabilitation			Total
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	
United Nations Development Programme						11 399	11 399		127 548	127 548	138 947
United Nations Educational, Scientific and Cultural Organization						1 751	1 751				1 751
United Nations Population Fund						7 098	7 098		32	32	7 130
United Nations High Commissioner for Refugees						250	250				250
Office for the Coordination of Humanitarian Affairs									155 827	155 827	155 827
United Nations Joint Programme						3 419	3 419		4 527	4 527	7 946
World Health Organization						2 832	2 832		5 241	5 241	8 073
World Bank						2 769	2 769		8 656	8 656	11 425
World Food Programme						73	73				73
Subtotal inter-organizational arrangements						**109 336**	**109 336**		**303 883**	**303 883**	**413 219**
Income adjustments to prior periods						(10)	(10)				(10)
Refund of contributions						(401)	(401)		(752)	(752)	(1 153)
Total inter-organizational arrangements						**108 925**	**108 925**		**303 131**	**303 131**	**412 056**
Grand total	**1 003 701**	**9 003**	(29 086)	**983 618**	**1 719 154**	**783 511**	**2 502 665**	**625 974**	**503 057**	**1 129 031**	**4 615 314**

Summary	Regular resources	Supplementary funds	Emergency relief and rehabilitation	Total
Governments	974 615	1 538 476	556 319	3 069 410
Intergovernmental agencies		180 678	69 655	250 333
National committees	8 136	459 591	197 781	665 508
Non-governmental organizations	867	214 995	2 145	218 007
Inter-organizational arrangements		108 925	303 131	412 056
Grand total	**983 618**	**2 502 665**	**1 129 031**	**4 615 314**
Contributions in cash				4 590 600
Contributions in kind				24 714
Total contributions				**4 615 314**

Schedule 2

Contributions receivable for regular resources, supplementary funds and emergency relief and rehabilitation as at 31 December 2007

(Thousands of United States dollars)

Donor	Regular resources			Other resources						Total
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	
Governments										
Andorra				7		7				7
Australia				1,710		1,710	5,966		5,966	7,676
Austria				32		32				32
Azerbaijan	10		10							10
Belgium				384		384	359		359	743
Bhutan	30		30							30
Burundi	1		1							1
Canada				5,920		5,920	2,589		2,589	8,509
Denmark				10,659		10,659				10,659
Djibouti	2		2							2
France				6		6	584		584	590
Gabon				111		111				111
Germany				10		10				10
Greece	123		123	73		73				196
Ireland				251		251				251
Italy				2,635		2,635				2,635
Kazakhstan	50		50							50
Luxembourg				755		755	729		729	1,484
Madagascar	1		1							1
Monaco	40		40							40
Mongolia				127		127				127
Morocco	5		5							5
Nepal	15		15							15
Netherlands				3,284		3,284	56		56	3,340
New Zealand				20		20				20
Norway				4,494		4,494	107		107	4,601
Samoa	1		1							1
Spain				3,498		3,498	8,595		8,595	12,093
Sweden				5,509		5,509				5,509
Switzerland				25		25				25
Syrian Arab Republic	6		6							6
United States of America				46,139		46,139	46,859		46,859	92,998
United Kingdom of Great Britain and Northern Ireland				19,563		19,563	2,353		2,353	21,916
United Arab Emirates							49		49	49
Viet Nam	20		20							20
Subtotal Governments	**304**		**304**	**105,212**		**105,212**	**68,246**		**68,246**	**173,762**

Schedule 2 (concluded)

Donor	Regular resources			Other resources						
				Supplementary funds			Emergency relief and rehabilitation			
	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Governments and inter-governmental agencies	Non-governmental sources	Subtotal	Total
Intergovernmental agencies										
European Commission				60,364		60,364	2,879		2,879	63,243
European Commission Humanitarian Aid Office				83		83	8,498		8,498	8,581
OPEC Fund				3,221		3,221				3,221
Subtotal intergovernmental agencies				**63,668**		**63,668**	**11,377**		**11,377**	**75,045**
Non-governmental organizations										
Micronutrient Initiative					1,238	1,238				1,238
Rotary International					991	991				991
Subtotal non-governmental agencies					**2,229**	**2,229**				**2,229**
Inter-organizational arrangements										
United Nations Secretariat					77	77				77
Subtotal inter-organizational arrangements					**77**	**77**				**77**
Miscellaneous adjustments										
Miscellaneous adjustments			175							175
Subtotal miscellaneous adjustments			**175**							**175**
Grand total	**304**		**479**	**168,880**	**2,306**	**171,186**	**79,623**		**79,623**	**251,288**
Summary										
Governments			304			105,212			68,246	173,762
Intergovernmental agencies						63,668			11,377	75,045
Non-governmental organizations						2,229				2,229
Inter-organizational arrangements						77				77
Miscellaneous adjustments			175							175
Grand total			**479**			**171,186**			**79,623**	**251,288**

Schedule 3

Receipts, disbursements and changes in trust fund balances for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Balances as at 1 January 2006	Funds received and adjustments	Funds disbursed	Balances as at 31 December 2007
Government and others				
Procurement services	119,878	971,121	854,102	236,897
Procurement services on behalf of the Global Alliance for Vaccines and Immunization	113,595	286,266	406,088	(6,227)
Junior Professional Officers	12,891	26,463	22,614	16,740
Other trust funds	71,780	248,001	276,291	43,490
Subtotal	**318,144**	**1,531,851**	**1,559,095**	**290,900**
United Nations system				
International Labour Organization	2	(2)		
Joint United Nations Programme on HIV/AIDS	19			19
United Nations Educational, Scientific and Cultural Organization	23		23	
United Nations Population Fund	121	1,983	1,675	429
Office of the United Nations High Commissioner for Refugees		14	13	1
United Nations Development Programme	12,400	12,692	21,437	3,655
World Bank		214	214	
World Food Programme	43	321	348	16
World Health Organization	433	25,167	18,948	6,652
Others	707	936	1,412	231
Common services activities with other organizations in the United Nations system		1,994	1,640	354
Joint programmes with other organizations in the United Nations system		27,289	24,918	2,371
Subtotal	**13,748**	**70,608**	**70,628**	**13,728**
Net balance	**331,892**	**1,602,459**	**1,629,723**	**304,628**
Receivables for trust funds	**4,693**			**9,942**
Gross balance	**336,585**			**314,570**

Notes to the financial statements

Note 1
Statement of the objectives and activities of the United Nations Children's Fund

1. UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential. The organization mobilizes political will and material resources to help countries, particularly developing countries, ensure a "first call for children" and build their capacity to form appropriate policies and deliver services for children and their families.

Note 2
Summary of significant accounting policies

United Nations Children's Fund

Accounting convention

2. The financial statements are prepared in accordance with the Financial Regulations and Rules of UNICEF and the United Nations system accounting standards.

3. With the goal of achieving harmonization in the presentation of accounts by agencies in the United Nations system, the financial statements are presented in line with the formats agreed upon by the United Nations System Chief Executives Board for Coordination.

Financial period

4. In accordance with the UNICEF Financial Regulations and Rules, the accounts are maintained on a biennial basis.

Unit of account

5. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rate of exchange.

Translation of currencies

6. Assets and liabilities in currencies other than United States dollars are revalued for accounting purposes at the prevailing United Nations operational rates of exchange. Any variance due to fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure. In accordance with UNICEF Executive Board decision 1990/28, differences resulting from the payment of contributions pledged in currencies other than United States dollars are recorded against the contributions.

Income

7. Income consists of regular resources, supplementary funds and funds for emergency relief and rehabilitation. Regular resources include funds from the voluntary annual contributions of Governments, intergovernmental organizations

and non-governmental organizations (NGOs), the net income from the Private Sector Division, non-earmarked funds contributed by the public and other income. Supplementary funds are those contributed to UNICEF by Governments, intergovernmental organizations, NGOs and the United Nations system for specific purposes within the programmes approved by the UNICEF Executive Board. Emergency relief and rehabilitation funds include those contributed for emergency operations.

8. Income is recorded on the basis of funds or pledges received for the current year. Funds received for future years for purposes specified by donors are considered deferred income and are recorded as "contributions received in advance".

9. Contributions income received from National Committees for UNICEF is accounted for on a cash basis, with the exception of contributions for supplementary funds and for emergency relief and rehabilitation, which may be recorded on the basis of a valid pledge from a National Committee. The validity of the pledge is determined by the existence of funds raised and a statement from the National Committee that it is committing funds to UNICEF in the form of a pledge.

10. The statement of income and expenditure does not include funds received and disbursements made from trust funds.

11. All other income received by UNICEF is classified as miscellaneous income and is credited as regular resources.

12. Contributions in kind are valued by management and reflect the cost UNICEF would normally pay for similar items.

13. Supported deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Expenditure

14. All expenditures of UNICEF are accounted for on an accrual basis, except for those relating to staff entitlements, which are accounted for on the basis of cash disbursements only.

15. Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and that will be charged as expenditure in a subsequent financial period.

16. No provision is made for end-of-service entitlements for staff with temporary fixed-term contracts, staff on loan, Junior Professional Officers or staff who are not part of the UNICEF payroll. Also, no provision is made to meet contingencies under appendix D of the United Nations Staff Rules, as funds are provided in the budget appropriations as required.

Cash

17. All funds received, including those under trust fund arrangements, are deposited into UNICEF bank accounts and reflected as cash holdings.

Inventory

18. The inventory of programme supplies at UNICEF Supply Division warehouses is shown at average cost. All costs associated with bringing the goods to the warehouse are considered as part of the average cost. Goods in transit to the warehouse are valued at actual cost.

Capital assets

19. Capital assets consist of buildings and staff housing and are presented at acquisition cost.

Consolidation

20. The financial report and statements reflect the net operating income, assets and liabilities of the Private Sector Division. Inter-office transactions between UNICEF and the Private Sector Division are eliminated on consolidation.

Non-expendable property

21. Furniture, equipment and other non-expendable property are not included in the assets of the organization. Acquisitions are charged against budgetary accounts in the year of purchase.

Private Sector Division

Accounting convention

22. Private Sector Division accounts are maintained in accordance with the UNICEF Financial Regulations and Rules and the Greeting Card Operation special supplement.

Translation of currencies

23. Proceeds are recorded in local currency on the basis of annual reporting and are converted to United States dollars at the United Nations operational rates of exchange prevailing on 31 December.

Allowance for doubtful accounts receivable

24. In accordance with Private Sector Division accounting policy, a provision to cover accounts receivable that are considered doubtful for collection may be established.

Inventory

25. The inventory of work in process and finished goods is valued at standard cost, while raw materials are valued at moving average cost. It is Private Sector Division policy to write down unsold cards and dated products at the end of the first sales campaign year and all other products at the end of the second sales campaign year. Products that have been written down and carried forward are valued at their add-on cost. All publicity and promotional materials produced in the current campaign year but relating to future campaign years are shown at standard cost and included in inventory.

Capital assets

26. Capital assets costing $100,000 or more are capitalized and depreciated over their estimated useful life.

Liabilities

27. Liabilities are accrued in the Private Sector Division accounts following recognized accounting standards, and appropriate cut-off procedures are followed consistently.

Income

28. Gross proceeds from the sale of cards and products are recorded in foreign currency and accrued on the basis of the provisional sales reports received from the sales partners at year's end. They are converted into United States dollars at the United Nations operational rates of exchange prevailing on 31 December of the year in question. The accrual is adjusted in the following year on receipt of the final sales report. If the provisional sales report is not received from a sales partner by end-of-year closure, gross proceeds are accrued on the basis of that sales partner's average sales-to-delivery ratio for the current year.

29. Income from private sector fund-raising activities and related expenses are recorded separately in the Private Sector Division accounts. The net proceeds raised by National Committees from private sector fund-raising activities are recorded on the basis of the reports they submit at year's end, while the net proceeds raised by field offices from private sector fund-raising activities are recorded on receipt of funds.

Note 3
Transfer to the biennial support budget

30. A transfer is made from income to the biennial support budget, in keeping with the budget harmonization of the United Nations Development Programme, the United Nations Population Fund and UNICEF, as follows:

(Thousands of United States dollars)

	2006-2007	*2004-2005*
Government contributions towards local costs	462	346
Income tax reimbursement	28 624	23 831
Total	**29 086**	**24 177**

Note 4
Private Sector Division income

(Thousands of United States dollars)

	2006	*2007*	*Total*	*2004-2005*
Income				
Gross proceeds from sales	146 966	156 222	303 188	307 163
Private sector fund-raising	351 595	359 762	711 357	529 341
Other income	18 110	22 620	40 730	25 239
Total	**516 671**	**538 604**	**1 055 275**	**861 743**
Total expenditures	124 118	147 588	271 706	282 053
Net income	**392 553**	**391 016**	**783 569**	**579 690**

Note 5
Miscellaneous income

(Thousands of United States dollars)

	2006-2007	*2004-2005*
Liquidation of prior years' outstanding budgetary obligations	19 530	17 766
Income from the sale of surplus and obsolete property	2 754	2 022
Agency commissions from procurement services	23 402	12 689
Gains and losses on foreign exchange transactions	10 113	15 183
Miscellaneous — others	23 068	12 222
Total	**78 867**	**59 882**

Note 6
Write-offs/prior-period adjustments

(Thousands of United States dollars)

	Regular resources	*Supplementary funds*	*Emergency relief and rehabilitation*	*Total 2006-2007*	*Total 2004-2005*
Uncollectible contributions	120	12 045	7 314	19 479	8 119
Stock write-offs and other write-offs	1 500			1 500	4 347
Prior-period adjustments	611			611	
Total	**2 231**	**12 045**	**7 314**	**21 590**	**12 466**

Note 7
Reserves

(Thousands of United States dollars)

	Balances as at 1 January 2006	*Funds received*	*Expenses*	*Balances as at 31 December 2007*
Reserve for procurement services	2 000			2 000
Reserve for insurance	115			115
Reserve for capital assets	26 966	160		27 126
Reserve for after-service health insurance	60 000	90 000		150 000
Reserve for separation fund		38 999	20 720	18 279
Total	**89 081**	**129 159**	**20 720**	**197 520**

Reserve for procurement services

31. The Executive Board approved the establishment of a reserve for procurement services of $2 million. There were no movements in the reserve in the biennium ended 31 December 2007.

32. The income and expenditure relating to procurement services amounted to:

(Thousands of United States dollars)

	2006-2007	*2004-2005*
Funds received	44 261	28 710
Staff and related expenses	20 859	16 021
Transfer to miscellaneous income	**23 402**	**12 689**

Reserve for insurance

33. The Executive Board approved the establishment of a reserve for insurance of $200,000 to absorb losses of UNICEF programme supplies and equipment not covered by commercial insurance. In 1987, UNICEF established a reserve of $100,000 to self-insure for property losses. There were no movements in the reserve in the biennium ended 31 December 2007.

Reserve for capital assets

34. The Executive Board approved the establishment of a capital asset reserve of $22 million to better control future purchases of UNICEF capital assets, mainly buildings to be purchased for office accommodations and staff housing in the field.

Reserve for after-service health insurance

35. In 2003, the Executive Board approved the establishment of a funded reserve for after-service health insurance and an initial allocation of $30 million from UNICEF regular resources. The reserve was increased by $90 million during the biennium ended 31 December 2007. Currently, disbursements for retirees are charged against the budget appropriations of the periods when actual payments are made.

Reserve for separation fund

36. In 2006, the Executive Board approved the establishment of a separation fund to cover separation and termination liabilities and an initial allocation of $10 million from UNICEF regular resources. The fund will be built up on an annual basis by the net of total contributions less payments made. There was an increase of $8.3 million in the reserve during the biennium ended 31 December 2007.

Note 8
Cash and term deposits

(Thousands of United States dollars)

	2007	*2005*
Term deposits	2 100 992	2 125 318
Cash (convertible)	116 130	61 636
Cash (non-convertible)	12 707	7 557
Total cash and term deposits	**2 229 829**	**2 194 511**

Note 9
Investments

37. Investments include marketable securities and other negotiable instruments acquired by the organization to produce income. Investments are stated at cost plus or minus any amortized premium or discount. As at 31 December 2007, a total of $445 million was invested in fixed-income securities.

38. As at 31 December 2007, the market value of investments was $446 million. While the market value of the financial instruments may fluctuate during the investment period, it does not affect the value due on maturity to UNICEF.

Note 10
Ageing analysis of contributions receivable

(Thousands of United States dollars)

	Prior to 2005	*2005*	*2006*	*2007*	*Total, 31 December 2007*	*Total, 31 December 2005*
Contributions receivable	5 867	2 768	24 612	218 041	251 288	187 049

Note 11
Provision for uncollectible contributions receivable

39. In line with the recommendation of the external auditors (see A/51/5/Add.2, para. 37), UNICEF maintains a provision for potentially uncollectible contributions receivable. This provision is set at $5 million.

Note 12
Other accounts receivable

(Thousands of United States dollars)

	2007	*2005*
From:		
National Committees and other Private Sector Division partners	393 074	309 692
Less: Private Sector Division allowance for doubtful accounts	(9 348)	(7 265)
Governments, United Nations system and others — trust funds	9 942	4 693
United Nations system — others	12 790	8 556
Governments — others	475	1 133
Staff members	21 578	21 025
Accrued interest	18 258	6 640
Advances to suppliers for goods and freight	6 751	7 714
Deposits and prepayments	1 054	967
Miscellaneous	2	164
Total	**454 576**	**353 319**

Note 13
Inventories

(Thousands of United States dollars)

	2007	*2005*
Programme supplies in warehouse	32 080	18 343
Packing materials in warehouse	332	304
Private Sector Division		
Raw materials	3 358	2 809
Work in progress	33	116
Finished goods	10 276	3 970
Total	**46 079**	**25 542**

Note 14
Buildings

(Thousands of United States dollars)

	UNICEF office buildings	*UNICEF housing*	*Total 2007*	*Total 2005*
Opening balance, 1 January	**15 194**	**627**	**15 821**	**13 029**
Additions	2 010		2 010	2 868
Depreciation	—	—	—	76
Closing balance, 31 December	**17 204**	**627**	**17 831**	**15 821**

Note 15
Contributions received in advance

(Thousands of United States dollars)

	2007	*2005*
Governments and intergovernmental agencies	40 500	18 057
Others	—	1
Total	**40 500**	**18 058**

40. Further to contributions received in advance, pledges amounting to $464 million have already been received for future years.

Note 16
Unliquidated obligations

(Thousands of United States dollars)

	2007	*2005*
Programme accounts	252 170	265 844
Administrative accounts	21 554	17 883
Total	**273 724**	**283 727**

Note 17
Accounts payable

(Thousands of United States dollars)

	2007	*2005*
To:		
United Nations system	26 699	18 831
Central Emergency Revolving Fund		3 621
Supplies, services and freight	71 381	65 954
Miscellaneous	25 365	12 467
Total	**123 445**	**100 873**

Note 18
Trust funds

(Thousands of United States dollars)

	2007	*2005*
Net balance	304 628	331 892
Receivables for trust funds	9 942	4 693
Gross balance	**314 570**	**336 585**

Note 19
Medical insurance plan

(Thousands of United States dollars)

	2006-2007	*2004-2005*
Opening balance	**39 569**	**31 450**
Premiums	23 833	17 921
Expenditure	16 380	9 802
Ending balance	**47 022**	**39 569**

41. The medical insurance plan is a health and dental insurance plan operated by the United Nations, the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees and UNICEF at designated duty stations for the benefit of locally recruited current and former General Service staff, National Professional Officers and their eligible family members. Staff and the organization share in the cost of the premiums. The balance represents premiums less expenditure.

Note 20
After-service health insurance liability

42. In order to gain a better understanding of the financial dimensions of the organization's liability for after-service health insurance, a consulting actuary was engaged to carry out an actuarial valuation of post-retirement health insurance benefits as at 31 December 2005.

(Thousands of United States dollars)

	Present value of future benefits as at 31 December 2005	*Accrued liability as at 31 December 2005*
Gross liability	589 213	368 946
Offset from retirees	121 769	76 566
Total	**467 444**	**292 380**

43. The report of the consulting actuary engaged to revise the valuation as at 30 June 2007 was not available at the time these financial statements were

published. The actuary has provided a preliminary indication that the financial dimensions of UNICEF liability have increased significantly and that the accrued liability as at 30 June 2007 totalled $482.7 million.

44. The present value of future benefits is the discounted value of all benefits, less retiree contributions, to be paid in the future to all current retirees and active employees expected to retire in the future. In actuarial terminology, it is called the expected post-retirement benefit obligation.

45. The accrued liability for future benefits represents that portion of the present value of benefits that has accrued from the employee's date of hire until the valuation date. An active employee's benefit is fully accrued when that employee has reached the date of full eligibility for benefits. Thus, for retirees and active employees who are eligible to retire with benefits, the present value of future benefits and the accrued liability are equal. In actuarial terminology, the accrued liability is called the accumulated post-retirement benefit obligation.

46. As at 31 December 2007, the balance for the after-service health insurance reserve was $150 million.

Note 21
Other end-of-service liabilities

47. The net contingent liability for staff benefits as at 31 December 2007 is estimated at $84 million, consisting of the following:

(Thousands of United States dollars)

	2007	*2005*
Accumulated leave	45 155	38 902
Repatriation grant	40 488	36 909
Total	**85 643**	**75 811**

48. In 2006, the Executive Board authorized the establishment of a separation fund to cover separation and termination liabilities. The reserve balance was $18 million at the end of 2007.

Note 22
United Nations Joint Staff Pension Fund

49. UNICEF is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined-benefit plan. The financial obligations of the organization to the Pension Fund consist of its mandated contribution at the rate established by the General Assembly, together with any share of any actuarial deficiency payments under article 26 of the Regulations and Rules of the Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date.

50. At the time of the preparation of the present report, the General Assembly had not invoked that provision.

Note 23
Non-expendable property

(Thousands of United States dollars)

	2007	*2005*
Cost of non-expendable property — UNICEF	45 532	44 611
Cost of non-expendable property under UNICEF custody	97 082	83 676
Total	**142 614**	**128 287**

Note 24
Liquidity

51. UNICEF internal liquidity guidelines recommend a year-end regular resources convertible cash balance equal to at least 10 per cent of projected regular resources income for the following year.

52. The financial plan for 2007 recommended a minimum regular resources convertible cash balance of $115 million.

53. For the purpose of meeting this internal guideline, UNICEF cash holdings and investments, excluding trust funds, are estimated to be split between regular resources and other resources as follows:

(Thousands of United States dollars)

	Regular resources	*Other resources*
Term deposits, cash (convertible) and investments	810 997	1 536 555
Cash (non-convertible)	12 707	
Total	**823 704**	**1 536 555**

54. UNICEF met its internal liquidity guideline for the year 2007.

Note 25
In-kind contributions

55. UNICEF provided in-kind contributions to the following organizations during the biennium ended 31 December 2007:

(Thousands of United States dollars)

	Total 2006-2007	*Total 2004-2005*
Global Alliance for Vaccines and Immunization		512
Joint United Nations Programme on HIV/AIDS	89	118
United Nations Board of Auditors	39	57
Total	**128**	**687**

Annex I

Income and expenditure and changes in reserves and fund balances for the years ended 31 December 2006 and 31 December 2007

(Thousands of United States dollars)

	Regular resources		Other resources				Total	
			Supplementary funds		Emergency relief and rehabilitation			
	2007	2006	2007	2006	2007	2006	2007	2006
Income								
Voluntary contributions								
Governments	537 981	465 720	904 971	814 183	292 420	333 554	1 735 372	1 613 457
Less: Transfer to support budget	(15 993)	(13 093)					(15 993)	(13 093)
	521 988	452 627	904 971	814 183	292 420	333 554	1 719 379	1 600 364
Non-governmental/private sector sources	1 167	7 836	414 441	260 145	61 083	138 843	476 691	406 824
Funds received under inter-organizational arrangements			58 836	50 089	175 121	128 010	233 957	178 099
Private Sector Division	391 016	392 553					391 016	392 553
Other income								
Interest income	139 644	122 516					139 644	122 516
Miscellaneous income	25 589	53 278					25 589	53 278
Currency exchange adjustments	10 723	14 216					10 723	14 216
Total income	**1 090 127**	**1 043 026**	**1 378 248**	**1 124 417**	**528 624**	**600 407**	**2 996 999**	**2 767 850**
Expenditure								
Programme assistance	743 479	533 138	1 080 510	913 221	692 862	672 319	2 516 851	2 118 678
Programme support	156 243	142 314					156 243	142 314
Total programme cooperation	899 722	675 452	1 080 510	913 221	692 862	672 319	2 673 094	2 260 992
Management and administration	84 362	64 602					84 362	64 602
Security	9 587	11 149					9 587	11 149
Total expenditure	**993 671**	**751 203**	**1 080 510**	**913 221**	**692 862**	**672 319**	**2 767 043**	**2 336 743**
Excess (shortfall) of income over expenditure	96 456	291 823	297 738	211 196	(164 238)	(71 912)	229 956	431 107
Write-offs/prior-period adjustments	1 433	798	971	3 074	4 605	2 709	15 009	6 581
Net excess (shortfall) of income over expenditure	**95 023**	**291 025**	**288 767**	**208 122**	**(168 843)**	**(74 621)**	**214 947**	**424 526**
Reserve balances, 1 January	134 855	89 081					134 855	89 081
Transfer to reserve for after-service health insurance	(60 000)	(30 000)					(60 000)	(30 000)
Transfer to reserve for separation fund		(10 000)						(10 000)
Increase in reserves	62 665	45 774					62 665	45 774
Fund balances, 1 January	798 309	547 284	860 312	652 190	629 254	703 875	2 287 875	1 903 349
Reserves and fund balances, 31 December	**1 030 852**	**933 164**	**1 149 079**	**860 312**	**460 411**	**629 254**	**2 640 342**	**2 422 730**

Annex II

Glossary

accounts, audited. The financial statements of the organization for a specified period or at a specified date audited by the external auditors (United Nations Board of Auditors).

accrual basis of accounting. The accrual basis of accounting for revenue in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditures in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.

asset. An asset is a resource owned by or due to the organization as a result of past events.

budget. A plan in financial terms for carrying out proposed activities in a specified time. The term "budget" is used to refer to UNICEF programme support, management and administration costs, programme assistance and the Private Sector Division. However, the Executive Board approves an appropriation of funds only for the UNICEF support budget and the regular resources part of intercountry programmes.

budget appropriation. The total appropriation of funds approved by the Executive Board for UNICEF programme support, management and administration costs and programme assistance against which obligations may be incurred for those purposes up to the amount so approved.

budget estimate. Estimates of the costs of proposed programme support, management and administration and programme assistance prepared for submission to the UNICEF Executive Board for the approval of relevant appropriations.

budget estimate, revised. Resulting from Executive Board approval of "supplementary estimates" proposed to adjust an approved budget.

cash holdings. The aggregation of all the funds of the organization, including coins, banknotes, cheques, balances in current and call accounts, savings accounts and interest-bearing deposits.

cash in transit. Cash transfers between one or more UNICEF bank accounts at a specified time.

cash in current bank accounts. The aggregate of money maintained in UNICEF bank accounts, as reflected in the UNICEF books of account, to sustain operational requirements.

cash in interest-bearing deposits. Funds temporarily available over those needed for immediate requirements, held in short-term, interest-bearing deposits and ready to be drawn down when needed.

cash-on-hand (also called "petty cash"). Cash kept on hand by authorized officers as a convenience for making small payments on behalf of the organization.

contributions, voluntary. Contributions to UNICEF that are offered and accepted without reference to a scale of assessments determined by any United Nations legislative body.

contributions receivable. Contributions pledged to UNICEF but not received until a future time.

currencies of "restricted use" for UNICEF. Currencies the use of which (mainly in respect of transferability and convertibility) is limited because of foreign exchange regulations or a donor's wish. When those limitations do not exist, the currencies are considered by UNICEF as "unrestricted" because they are fully convertible.

earmarked. To give expression to a restriction imposed by agreement or by administrative action on the use of an account or of an equivalent amount of assets.

expenditure. The sum of disbursements and valid unliquidated obligations made against the appropriation/allocation for the period.

financial period. The operating period of the organization covered by the financial statements is a biennium.

financial regulations. Until 31 December 1987, UNICEF accounts were maintained in accordance with the Financial Regulations and Rules of the United Nations, with such modifications as required by the nature of UNICEF work. Since 1 January 1988, UNICEF accounts have been maintained in accordance with the UNICEF Financial Regulations and Rules.

fund balance. Fund balances and reserves represent the difference between the assets and the liabilities of the organization. They consist of funds available for the implementation of programmes funded by regular resources and supplementary funds as well as funds available for the acquisition of capital assets.

income. Money or money equivalent received or accrued during the financial period which increases existing net assets. UNICEF income is recorded on the basis of funds or pledges received for the current year. It comprises funds classified as "regular resources", "supplementary funds" and "emergency relief and rehabilitation".

income, deferred. Funds received or pledges recorded as receivable, attributable to future financial periods and, therefore, not credited to the income account of the period reported on.

income, regular resources. Non-earmarked income, which includes funds from voluntary annual contributions of Governments, the net income from Private Sector Division, funds contributed by the public and certain "other (or miscellaneous) income".

income, other. Also referred to as "miscellaneous income" for regular resources. Miscellaneous income is defined in the United Nations system as income other than: (a) the value of assessed or voluntary contributions; and (b) such other income items as may be excluded under the Organization's Financial Regulations and Rules. In UNICEF, this includes income other than the value of the voluntary contributions and the net income of the Private Sector Division.

income, supplementary funds. Specific contributions for programmes approved by the UNICEF Executive Board, in addition to regular resources, which then become part of UNICEF programmes. They consist of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for specific purposes.

income, emergency relief and rehabilitation. Consists of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for emergency appeals.

inventory. The value of supplies and equipment for programmes owned by the organization, as well as Private Sector Division materials at the end of an accounting or financial period.

liability. A present obligation of the organization arising from past events, the settlement of which is expected to result in an outflow of resources from the organization.

liquidity policy. Owing to the nature of programme implementation and UNICEF cash flows, there may be, from time to time, short-term imbalances between regular resources cash disbursements and cash receipts. The UNICEF liquidity policy allows these temporary imbalances to be offset by up to one half of the balance of supplementary cash on hand.

liquidity requirement. In order to meet UNICEF liquidity requirements, regular resources convertible cash balances, at the end of each fiscal year, are required to equal 10 per cent of projected regular resources income for the next fiscal year.

local currency. The currency of the country or area in which the local financial records of an activity are kept and/or in which its local financial transactions take place.

non-expendable property. Items of property and equipment charged to the administrative budget with an individual unit cost of at least $1,500.

obligation. Obligations are amounts of orders placed, contracts awarded, services received and other transactions that involve a charge against the resources of the current financial period. Obligations may be maintained either for that period or until liquidated or cancelled.

pledge. A written commitment by a prospective donor to make a voluntary contribution to UNICEF. A written commitment that is subject to the need to secure an appropriate national legislative approval is considered a pledge.

procurement services. UNICEF assists Governments, United Nations agencies and non-governmental organizations working in fields of benefit to children by undertaking, on request and on a reimbursable basis, the procurement of goods and services. A small handling charge is added by UNICEF to the cost of the supplies and services to cover the costs of extra administration and documentation (see trust funds).

rates of exchange. The UNICEF accounts are maintained in United States dollars. Transactions in other currencies are converted for recording into United States dollars, in principle, at the United Nations operational rates of exchange.

reserve for insurance. A reserve of $200,000 was established by the Executive Board in November 1950 when UNICEF adopted a policy of self-insurance for programme supplies. UNICEF also has a reserve for third-party liability, which had a balance as at 31 December 2007 of $26,399.

trust funds. Funds accepted by UNICEF mainly to cover the costs of procurement of supplies and services undertaken by UNICEF on behalf of others. They also

include financing provided by sponsors to cover the costs of Junior Professional Officers as well as those relating to projects funded by the World Bank and the Global Alliance for Vaccines and Immunization. These funds are not considered to be UNICEF income.

schedule. Explanatory or supporting analyses accompanying financial statements.

specific contributions. Programme recommendations are often prepared in excess of the input available from regular resources. Those recommendations are approved by the Executive Board as suitable for funding by supplementary contributions and contributions for emergency relief and rehabilitation from donors. When a contribution for specific purposes is made for such a programme, the corresponding commitment enters into effect (usually between Executive Board sessions).

unencumbered balance. That portion of the approved budget that has not been expended at the end of the year. The unspent balance at the end of the biennium is cancelled and reported to the Executive Board.

write-off. An adjustment to the accounts in order to record the loss of or reduction in the value of an asset.